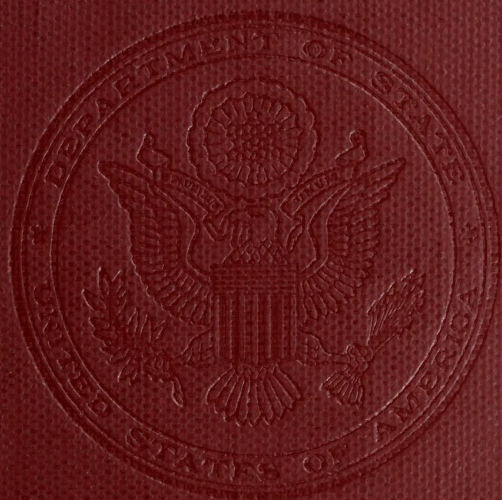
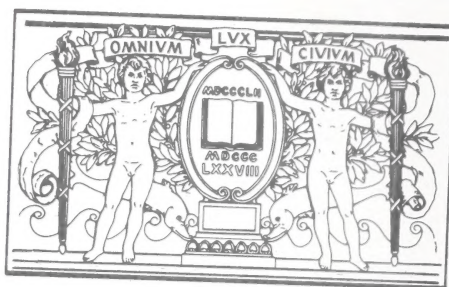


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Foreign Relations of the United States, 1958–1960

Volume VII

Part 1

Western European Integration and Security; Canada

Editors

Ronald D. Landa
James E. Miller
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Charles S. Sampson

General Editor

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Foreign Relations of the
United States, 1954-1959



Volume VII

Part 1

Western European
Integration and
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Preface

The *Foreign Relations of the United States* series presents the official documentary historical record of major foreign policy decisions and significant diplomatic activity of the United States Government. The series documents the facts and events that contributed to the formulation of policies and includes evidence of supporting and alternative views to the policy positions ultimately adopted.

The Historian of the Department of State is charged with the responsibility for the preparation of the *Foreign Relations* series. The staff of the Office of the Historian, Bureau of Public Affairs, plans, researches, compiles, and edits the volumes in the series. This documentary editing proceeds in full accord with the generally accepted standards of historical scholarship. Official regulations codifying specific standards for the selection and editing of documents for the series were promulgated by Secretary of State Frank B. Kellogg on March 26, 1925. A statutory charter for the preparation of the series was established by Title IV of the Department of State's Basic Authorities Act of 1956 (22 USC 4351 *et seq.*), added by Public Law 102-138, the Foreign Relations Authorization Act, Fiscal Years 1992 and 1993, which was signed by President George Bush on October 28, 1991.

The statute requires that the *Foreign Relations* series be a thorough, accurate, and reliable record of major United States foreign policy decisions and significant United States diplomatic activity. The volumes of the series should include all records needed to provide comprehensive documentation of major foreign policy decisions and actions of the United States Government, including facts which contributed to the formulation of policies and records providing supporting and alternative views to the policy positions ultimately adopted.

The statute confirms the editing principles established by Secretary Kellogg: the *Foreign Relations* series is guided by the principles of historical objectivity and accuracy; records should not be altered or deletions made without indicating in the published text that a deletion has been made; the published record should omit no facts that were of major importance in reaching a decision; and nothing should be omitted for the purposes of concealing a defect in policy. The statute also requires that the *Foreign Relations* series be published not more than 30 years after the events recorded.

The volume presented here, originally compiled in 1981 and 1982, meets all the standards of selection and editing prevailing in the Department of State at that time and complies fully with the spirit of the standards of selection, editing, and range of sources established by the statute of October 28, 1991. This volume records policies and events of more than 30 years ago, but the statute allows the Department until 1996 to reach the 30-year line in the publication of the series.

Structure and Scope of the Foreign Relations Series

This volume is part of a triennial subseries of volumes of the *Foreign Relations* series that documents the most important issues in the foreign policy of the final 3 years (1958–1960) of the administration of President Dwight D. Eisenhower. This subseries comprises 18 print volumes totaling more than 16,000 pages and 7 microfiche supplements presenting more than 14,000 additional pages of original documents.

In planning and preparing this 1958–1960 triennium of volumes, the editors chose to present the official record of U.S. foreign affairs with respect to Europe, the Soviet Union, and Canada in five print volumes. Part 1 of Volume VII documents U.S. policy on European economic and political integration, NATO, and Canada and Part 2, U.S. relations with France, Italy, Portugal, Scandinavia, Spain, the United Kingdom, and the Vatican. Volume VIII documents the record of U.S. policy during the first part of the Berlin crisis through the end of the Geneva Foreign Ministers meeting in August 1959; Volume IX presents documents on U.S. policy toward Berlin following the Foreign Ministers meeting with particular attention to the abortive summit conference in May 1960; U.S. relations with the Federal Republic of Germany and Austria; and U.S. policy toward the German Democratic Republic. Volume X (in two parts) documents policies toward Eastern Europe, the Soviet Union, Finland, Greece, Turkey, and Cyprus.

Sources for the Foreign Relations Series

The original research, compilation, and editing of this volume were done in 1981 and 1982 under the Department regulation derived from Secretary Kellogg's charter of 1925. This regulation prescribed that the *Foreign Relations* series include "a comprehensive record of the major foreign policy decisions within the range of the Department of State's responsibilities," presuming that the records of the Department of State would constitute the central core of documentation presented in the series. The Department of State historians have had complete access to all records and papers of the Department of State: the central files of the Department; the special decentralized (lot) files of the policymaking levels; the files of the Department of State's Executive Secretariat, which comprehended all the official papers created by or submitted to the Secretary of State; the files of all overseas Foreign Service posts and U.S. special missions; and the official correspondence with foreign govern-

ments and with other Federal agencies. Any failure to include a complete Department of State record in the *Foreign Relations* series cannot be attributed to constraints or limitations placed upon the Department historians in their access to Department records, information security regulations and practices notwithstanding.

Secretary Kellogg's charter of 1925 and Department regulations derived therefrom required that further records "needed to supplement the documentation in the Department files" be obtained from other government agencies. Department historians preparing the *Foreign Relations* volumes documenting the Eisenhower administration, including the editors of this volume, fully researched the papers of President Eisenhower and other White House foreign policy records. These Presidential papers have become a major part of the official record published in the *Foreign Relations* series.

Presidential papers maintained and preserved at the Presidential libraries include some of the most significant foreign affairs-related documentation from other Federal agencies including the National Security Council and the Central Intelligence Agency. All of this documentation has been routinely made available for use in the *Foreign Relations* series thanks to the consent of these agencies and the cooperation and support of the National Archives and Records Administration. Particular thanks are due to the Dwight D. Eisenhower Presidential Library for its assistance in preparing this volume.

Department of State historians have also enjoyed steadily broadened access to the records of the Department of Defense, particularly the records of the Joints Chief of Staff and the Office of the Secretary of Defense. Selective access has been obtained to the records of several other agencies in order to supplement the official record of particular *Foreign Relations* volumes.

Completion of the declassification of this volume and the final steps of its preparation for publication coincided with the development since early 1991 by the Central Intelligence Agency in cooperation with the Department of State of expanded access by Department historians to high-level intelligence documents from among those records still in the custody of that Agency. The Department of State chose not to postpone the publication of this volume to ascertain how such access might affect the scope of available documentation and the changes that might be made in the contents of this particular volume. The Department is, however, using this expanded access, as arranged by the CIA's History Staff, for compilation of future volumes in the *Foreign Relations* series.

The statute of October 28, 1991, requires that the published record in the *Foreign Relations* series include all records needed to provide comprehensive documentation of all the major foreign policy decisions and actions of the United States Government. It further requires that government agencies, departments, and other entities of the United States Gov-

ernment cooperate with the Department of State Historian by providing full and complete access to records pertinent to foreign policy decisions and actions and by providing copies of selected records. This volume was prepared in a manner completely consonant with the standards and mandates of the statute, even though the research, compiling, and editing were completed in 1981 and 1982. The List of Sources, pages XIII–XVIII, identifies the particular files and collections used in the preparation of this volume.

Principles of Selection for Foreign Relations, 1958–1960, Volume VII, Parts 1 and 2

In selecting documents for this volume, the editors placed primary consideration on the formulation of policy by the Eisenhower administration and on the most significant U.S. diplomatic, economic, and military relationships with foreign governments. The memoranda of discussion and policy papers of the National Security Council with respect to basic U.S. policies toward NATO, Canada, and the countries of Western Europe have been presented as fully as possible. The editors made the fullest use of their complete access to memoranda of discussion at National Security Council meetings and other institutional NSC documents included in the Whitman File at the Eisenhower Library, as well as more informal foreign policy materials in that file and in other collections at the Eisenhower Library. These Presidential files were supplemented by NSC and White House documents in Department of State files.

During the years 1958–1960, the Department of State had a leading role in the formulation of U.S. policy toward Europe and Canada. Secretaries of State John Foster Dulles and Christian A. Herter drew upon the Department's expertise in advising President Eisenhower and in taking leading roles in the deliberations of the National Security Council. The Department of State prepared and coordinated exchanges of views and discussions of diverse foreign policy matters with the French, Italian, and British Governments and participated in the nearly 20 heads of government meetings between President Eisenhower and the leaders of the European states. For the most part the Department of State took the initiative in managing foreign relations with the smaller countries of Europe and obtained White House approval only for an occasional major issue.

In selecting records from the Department of State, the editors have focused on memoranda of conversation between Secretaries of State Dulles and Herter and their European and Canadian counterparts, internal U.S. Government policy recommendations, and decision papers relating to relations with these countries and the several European regional organizations, particularly NATO. The editors also selected only

those telegrams that document the important policy recommendations of U.S. representatives at the Missions in Western Europe.

In addition to Department of State, White House, and National Security Council records, the editors had access to a body of declassified JCS files at the National Archives and Records Administration. Copies of classified JCS materials were obtained from the Joint Staff on a request basis. The editors selected documents that indicated the policy recommendations of the Joint Chiefs of Staff regarding various major foreign affairs policies.

Editorial Methodology

The documents are presented chronologically according to Washington time or, in the case of conferences, in the order of individual meetings. Incoming telegrams from U.S. Missions are placed according to time of receipt in the Department of State or other receiving agency, rather than the time of transmission; memoranda of conversation are placed according to the time and date of the conversation, rather than the date the memorandum was drafted. Washington has not been included in the dateline if a document originated there or if a conversation took place there.

Editorial treatment of the documents published in *Foreign Relations* series follows Office style guidelines, supplemented by guidance from the General Editor and the chief technical editor. The source text is reproduced as exactly as possible, including marginalia or other notations, which are described in the footnotes. Obvious typographical errors are corrected, but other mistakes and omissions in the source text are corrected by bracketed insertions: a correction is set in italic type; an addition in roman type. Bracketed insertions are also used to indicate omitted text that deals with an unrelated subject (in roman type) or that remains classified after declassification review (in italic type). The amount of material not declassified has been noted by indicating the number of lines or pages of source text that were omitted. The amount of material omitted because it was unrelated, however, is not accounted for. All ellipses and brackets that appear in the source text are so identified by footnotes.

The first unnumbered footnote to each document indicates the document's source, original classification, distribution, and drafting information. The source footnote also provides the background of important documents and policies and indicates if the President or his major policy advisers read the document. Every effort has been made to determine if a document has been previously published, and this information has been included in the source footnote.

Editorial notes and additional annotation summarize pertinent material not printed in the volume, indicate the location of additional documentary sources, provide references to important related documents

printed in other volumes, describe key events, and provide summaries of and citations to public statements that supplement and elucidate the printed documents. Information derived from memoirs and other first-hand accounts has been used when appropriate to supplement or explicate the official record.

Declassification Review

The declassification review of this volume resulted in the withholding from publication of about 8.5 percent of the documents originally selected; however, the remaining documentation provides a full account of the major foreign policy issues confronting, and the policies undertaken by, the Eisenhower administration in areas presented in this volume.

The Division of Historical Documents Review of the Office of Freedom of Information, Privacy, and Classification Review, Bureau of Administration, Department of State, conducted the declassification review of the documents published in this volume. The review was conducted in accordance with the standards set forth in Executive Order 12356 on National Security Information and applicable laws.

Under Executive Order 12356, information that concerns one or more of the following categories, and the disclosure of which reasonably could be expected to cause damage to the national security, requires classification:

- 1) military plans, weapons, or operations;
- 2) the vulnerabilities or capabilities of systems, installations, projects, or plans relating to the national security;
- 3) foreign government information;
- 4) intelligence activities (including special activities), or intelligence sources or methods;
- 5) foreign relations or foreign activities of the United States;
- 6) scientific, technological, or economic matters relating to national security;
- 7) U.S. Government programs for safeguarding nuclear materials or facilities;
- 8) cryptology; or
- 9) a confidential source.

The principle guiding declassification review is to release all information, subject only to the current requirements of national security and law. Declassification decisions entailed concurrence of the appropriate geographic and functional bureaus in the Department of State, other concerned agencies of the U.S. Government, and the appropriate foreign governments regarding specific documents of those governments.

Acknowledgements

The editors wish to acknowledge the assistance of officials at the Dwight D. Eisenhower Library, in particular David Haight, who assisted in the collection of documents for this volume.

Under the supervision of former Editor in Chief John P. Glennon, Ronald D. Landa and James E. Miller collected, selected, and edited the compilation on European integration; David Patterson the compilation on NATO; Sherrill B. Wells the compilation on France; Delia Pitts the compilation on the United Kingdom; and Charles S. Sampson the compilations on Portugal, Scandinavia, Spain, and Canada. Miller also prepared the compilations on Italy and the Vatican. General Editor Glenn W. LaFantasie supervised the final steps in the editorial and publication process. Althea W. Robinson, Rita M. Baker, and Vicki E. Futscher did the copy and technical editing and Barbara-Ann Bacon of the Publishing Services Division (Natalie H. Lee, Chief) oversaw the production of the volume. Thomas J. Hoffman prepared the index for Part 1; Paul A. Zohav prepared the index for Part 2.

William Z. Slany
The Historian
Bureau of Public Affairs

January 1993



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List of Sources

Unpublished Sources

Department of State

Indexed Central Files. The principal source of documentation for this volume was the indexed central files of the Department of State. Most of the documents were selected from the following files:

033.4111: British visits to the United States
110.11-DU: Secretary of State Dulles' trips
374.800: European Regional Organizations
375: NATO
375.800: Western European Regional Economic Organizations
396.1: International conferences
396.1-CO: International conferences at Copenhagen
396.1-IS: International conferences at Istanbul
396.1-PA: International conferences at Paris
396.1-WA: International conferences at Washington
411.5241: U.S.-Spanish trade relations
440.002: Western European trade and customs
611.51: U.S.-French relations
611.52: U.S.-Spanish relations
611.65: U.S.-Italian relations
711.11-EI: President Eisenhower
711.5: U.S. defense policy
740.5: NATO
740.5611: IRBMs in Europe
740.5612: MRBMs in Europe
740B.022: Icelandic territorial issues
751.00: French political affairs
751.11: French Executive
751.13: French Cabinet
751.5612: French missiles
752.00: Spanish political affairs
752.11: Spanish Executive
752.5-MSP: U.S.-Spanish Mutual Security
753.00: Portuguese political affairs
765.00: Italian political affairs
765.13: Italian cabinet
840.00: Western European economic conditions and relations
840.1901: EURATOM
865.2553: Italian petroleum

Lot Files. Documents from the central files have been supplemented by the lot files of the Department, which are decentralized files created by operating areas. A list of the lot files used in or consulted for this volume follows.

Conference Files: Lot 62 D 181

Collection of documentation on official visits by heads of government and foreign ministers to the United States and on major international conference attended by the Secretary of State for the years 1956–1958, maintained by the Executive Secretariat.

Conference Files: Lot 63 D 123

Collection of documentation on official visits by heads of government and foreign ministers to the United States and on major international conferences attended by the Secretary of State for the years 1955–1958, maintained by the Executive Secretariat.

Conference Files: Lots 64 D 559 and 64 D 560

See under Washington National Records Center.

Current Economic Developments: Lot 70 D 467

See under Washington National Records Center.

Current Foreign Relations: Lot 64 D 189

Master set of the Department of State classified publication *Current Foreign Relations* for the years 1954–1962, maintained by the Executive Secretariat.

EUR/CAN Files: Lot 69 D 302

Canadian-U.S. military subject files for the years 1947–1964, maintained by the Bureau of European Affairs.

EUR/RPE Files: Lot 70 D 315

Atomic energy files, including the European Atomic Energy Community, for the years 1955–1963, maintained by the Office of Organization for Economic Cooperation and Development, European Community, and Atlantic Political-Economic Affairs.

G/PM Files: Lot 64 D 354

Miscellaneous Top Secret subject files, for the years 1954–1961, maintained by the Combined Policy Staff of the Office of Politico-Military Affairs.

G/PM Files: Lot 65 D 478

Files concerned with Air Force Technical Applications Center projects, base rights, and overflights for the years 1950–1961, maintained by the Office of the Special Assistant to the Secretary for Atomic Energy Affairs.

INR Files

Files retained by the Bureau of Intelligence and Research.

INR–NIE Files

Files of National Intelligence Estimates, Special Estimates, and Special National Intelligence Estimates retained by the Directorate for Regional Research, Bureau of Intelligence and Research.

Italian Desk Files: Lot 67 D 319

Files concerned with the Executive Review of Overseas Programs for Italy for the year 1965, with the South Tyrol for the years 1961–1963, and with San Marino for the years 1958–1964, maintained by the Officer in Charge of Italian Affairs, Office of Western European Affairs.

Italian Desk Files: Lot 68 D 436

Selected political, defense, and economic files for Italy for the years 1961–1965, maintained by the Officer in Charge of Italian Affairs, Office of Italy, Austria, and Switzerland Affairs.

Italian Desk Files: Lot 74 D 177

Files concerning the political and economic situation in Italy and Italian relations with the United States for the years 1968–1972, with some correspondence from 1955, maintained by the Officer in Charge of Italian Affairs, Office of Western European Affairs.

OCB Files: Lot 61 D 385

Master set of the administrative and country files of the Operations Coordinating Board for the years 1953–1960, maintained in the Operations Staff.

OCB Files: Lot 62 D 430

Master files of the Operations Coordinating Board for the years 1953–1960, maintained by the Executive Secretariat.

OEEC Files: Lot 62 D 46

Official documents issued by the Organization for European Economic Cooperation for the years 1958–1959, maintained by the Officer in Charge of Economic Affairs, Office of European Regional Affairs.

P/PG Files: Lot 60 D 661

Subject files of the Operations Coordinating Board containing National Security Council material for the years 1950–1959, maintained by the Policy Plans and Guidance Staff.

PPS Files: Lot 67 D 548

Subject files, country files, chronological files, documents, drafts, and related correspondence of the Policy Planning Staff for the years 1957–1961.

Presidential Correspondence: Lot 66 D 204

Exchanges of correspondence between the President and the heads of foreign governments for the years 1953–1964, maintained by the Executive Secretariat.

Presidential Memoranda of Conversation: Lot 66 D 149

Complete chronological record of cleared memoranda of conversations with foreign visitors for the years 1956–1964, maintained by the Executive Secretariat.

Rome Embassy Files: Lot 64 A 532

Classified files maintained by the Embassy in Rome for the years 1956–1958.

Secretary's Memoranda of Conversation: Lot 64 D 199

Chronological collection of the Secretary of State's memoranda of conversation and the Under Secretary of State's memoranda of conversation for the years 1953–1960, maintained by the Executive Secretariat.

S/P-NSC Files: Lot 62 D 1

Serial and subject master file of National Security Council documents and correspondence for the years 1948–1961, maintained by the Policy Planning Staff.

S/S-NSC Files: Lot 63 D 351

Serial master file of National Security Council documents and correspondence and related Department of State memoranda for the years 1947–1961, maintained by the Executive Secretariat.

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S/S-NSC (Miscellaneous) Files: Lot 66 D 95

Administrative and miscellaneous National Security Council documentation, including NSC Records of Action, for the years 1947-1963, maintained by the Executive Secretariat.

S/S-S Files: Lot 69 D 150

Miscellaneous policy briefing books and situation chronologies on U.S.-European relations for the years 1958-1967, including documents on U.S. relations with France, 1958-1963, and on France and the NATO nuclear problem, 1961-1966, maintained by the Executive Secretariat.

WE Files: Lot 61 D 30

Subject files of the Officer in Charge of French-Iberian Affairs, Office of Western European Affairs, for the years 1955-1959.

WE Files: Lot 72 D 441

Files concerning France's relations with the United States under President de Gaulle for the years 1958-1967, maintained by the French Desk Officer, Office of Western European Affairs.

Dwight D. Eisenhower Library, Abilene, Kansas

Cabinet Secretariat Records

From the White House Office Files, Records of the Cabinet Secretariat, 1953-1960.

Dulles Papers

Papers of John Foster Dulles, 1952-1959.

Herter Papers

Papers of Christian A. Herter, 1957-1961.

President's Daily Appointments

From the White House Office Files, Records of the Special Assistant for Executive Appointments, 1952-1961. Daily appointment books for President Eisenhower.

Project Clean Up

From the White House Office Files, Records of Gordon Gray, Robert Cutler, Henry R. McPhee, and Andrew J. Goodpaster, 1953-1961.

Special Assistant for National Security Affairs Records

From the White House Office Files, Records of the Office of the Special Assistant to the President for National Security Affairs (Robert Cutler, Dillon Anderson, and Gordon Gray), 1952-1961.

Staff Secretary Records

From the White House Office Files, Records of the Office of the Staff Secretary, 1952-1961. Records of Paul T. Carroll, Andrew J. Goodpaster, L. Arthur Minnich, and Christopher H. Russell.

White House Office Files

Several White House Office collections, including Project Clean Up.

Whitman File

Papers of Dwight D. Eisenhower as President of the United States, 1953–1961, maintained by his Personal Secretary, Ann C. Whitman. The Whitman File includes the following elements: the Name Series, the Dulles–Herter Series, DDE Diaries, Ann Whitman (ACW) Diaries, NSC Records, Miscellaneous Records, Cabinet Papers, Legislative Meetings, International Meetings, the Administration Series, and the International File.

Washington National Records Center, Suitland, Maryland**Record Group 59, General Records of the Department of State**

Conference Files: FRC 83–0068

Lot 64 D 559: Collection of documentation of official visits by heads of government and foreign ministers to the United States; of major international conferences attended by the Secretary of State and the President; and of official visits by the President, the Secretary of State, and other principal Department of State officers to other countries for the year 1960, maintained by the Executive Secretariat.

Lot 64 D 560: Collection of documentation of official visits by heads of government and foreign ministers to the United States and on major international conferences attended by the Secretary of State for the years 1958–1959, maintained by the Executive Secretariat.

Current Economic Developments: FRC 72 A 6248

Lot 70 D 467: Master set of the Department of State classified internal publication *Current Economic Developments* for the years 1945–1969, maintained in the Bureau of Economic Affairs.

Record Group 218, Records of the United States Joint Chiefs of Staff

JCS Records

Records of the U.S. members of the Combined Chiefs of Staff and subsequently the Joint Chiefs of Staff since 1942.

Record Group 330, Records of the Office of the Secretary of Defense

OASD/ISA Files: FRC 62 A 1698

Country files of the Office of the Assistant Secretary of Defense (International Security Affairs) for the year 1958.

OASD/ISA Files: FRC 64 A 2170

Country files of the Office of the Assistant Secretary of Defense (International Security Affairs) for the year 1960.

National Archives and Records Administration, Washington, D.C.**Record Group 84, General Records of the Department of State**

OSS–State Intelligence Reports

Records of the Research and Analysis Branch, Office of Strategic Services, and the Office of Intelligence Research, Department of State, 1941–1961.

Princeton University Library, Princeton, New Jersey

Dulles Papers

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List of Abbreviations

- AC & W**, air communication and weather
- ACE**, Allied Command Europe
- ACLI**, Associazione Cristiana Lavoratori Italiani (Association of Italian Christian Workers)
- AEA**, Atomic Energy Authority
- AEC**, Atomic Energy Commission
- AFMED**, Allied Forces Mediterranean
- AIRCENT**, Allied Air Forces, Central Europe
- ALO**, American Liaison Office; series indicator for telegrams from the American Liaison Office to the North Atlantic Treaty Organization
- Amb**, Ambassador
- AR**, Annual Review
- ATAF**, Allied Tactical Air Force
- b/d**, barrels per day
- B/P**, balance of payments
- BAOR**, British Army on the Rhine
- BENELUX**, Belgium, the Netherlands, Luxembourg
- BMEW**, ballistic missile early warning
- BNA**, Office of British Commonwealth and Northern European Affairs, Department of State
- BOQ**, bachelor officers' quarters
- BP**, Baghdad Pact
- Busec**, series indicator for telegrams from the Department of State to the Mission to the European Communities, Brussels
- C**, Office of the Counselor, Department of State
- CA**, circular airgram
- Cahto**, series indicator for telegrams to the Department of State from Secretary of State Herter while away from Washington
- CATAC**, Commander Allied Tactical Forces
- CBS**, Columbia Broadcasting System
- CCC**, Commodity Credit Corporation
- CEA**, Commissariat a l'Energie Atomique (Atomic Energy Commissariat)
- CENTO**, Central Treaty Organization
- CES**, Conseil Economique et Social (Economic and Social Committee—OEEC); Conference on European Security
- CGT**, Confédération Général du Travail (General Confederation of Labor)
- CHANCOM**, Channel Command
- ChiCom**, Chinese Communist
- CIA**, Central Intelligence Agency
- CIG**, Intergovernmental Committee on the Establishment of a Free Trade Area
- CINAFMED**, Commander in Chief, Allied Forces, Mediterranean
- CINCAIRCENT**, Commander in Chief, Allied Air Forces, Central Europe
- CINCENT**, Commander in Chief, Allied Forces, Central Europe
- CINCEUR**, Commander in Chief, Europe
- CINCHAN**, Commander in Chief, Channel Command
- CINCLANT**, Commander in Chief, Atlantic
- CINCNELM**, Commander in Chief, U.S. Naval Forces, Eastern Atlantic and Mediterranean
- CINCNORAD**, Commander in Chief, North American Air Defense
- CINCONAD**, Commander in Chief, Continental Air Defense
- CINCPAC**, Commander in Chief, Pacific
- CINC SOUTH**, Commander in Chief, Allied Forces, Southern Europe
- circinstr**, circular instruction
- C-M**, series indicator for North Atlantic Council memoranda

COCOM, Coordinating Committee of the Consultative Group, based in Paris, consisting of nations seeking to control the export of strategic goods to communist countries

C of S, Chief of Staff

Colux, series indicator for documents sent from the Representative to the European Economic Communities at Luxembourg to the Department of State

CPC, Combined Policy Committee

CRS, Campagnes Républicaines de Sécurité, French national security police

CY, calendar year

DAG, Development Assistance Group

DAT, Défense aérienne du territoire (Territorial Air Defense)

DC, Democrazia Cristiana (Christian Democratic Party)

DE, Destroyer Escort

Depcirtel, Department of State circular telegram

Deptel, Department of State telegram

DEW Line, Distant Early Warning Line

DLF, Development Loan Fund

DOD, Department of Defense

Dulte, series indicator for telegrams sent to the Department of State by Secretary of State Dulles while away from Washington

DS, defense support

E, Office of the Assistant Secretary of State for Economic Affairs

Ecbus, series designator for telegrams to the Mission to the European Communities from the Department of State

ECONAD, Committee of Economic Advisers to the North Atlantic Council

EDC, European Defense Community

EEC, European Economic Community

EFTA, European Free Trade Area; European Free Trade Association

Embtel, Embassy telegram

ENI, Ente Nazionale Idrocarbone (State Petroleum Agency)

EPA, European Payments Agreement

EPU, European Payments Union

EUR, Bureau of European Affairs, Department of State

EUR/BNA, Office of British Commonwealth and Northern European Affairs, Bureau of European Affairs, Department of State

EUR/GER, Office of German Affairs, Bureau of European Affairs, Department of State

EUR/RA, Office of Regional Affairs, Bureau of European Affairs, Department of State

EUR/WE, Office of Western European Affairs, Bureau of European Affairs, Department of State

EURATOM, European Atomic Energy Community

EX-IM, Export-Import Bank

E/W, east/west

FAA, Federal Aviation Administration

FCDA, Federal Civil Defense Administration

FedRep, Federal Republic of Germany

FLN, Front de Libération Nationale (National Liberation Front)

FM, Foreign Minister

FonMin, Foreign Minister

ForMin, Foreign Minister

FRG, Federal Republic of Germany

FTA, Free Trade Association; Free Trade Area

FY, fiscal year

FYI, for your information

GA, General Assembly

GATT, General Agreement on Tariffs and Trade

GAF, German Air Force

GARIOA, Government and Relief in Occupied Areas

GDR, German Democratic Republic

GER, Office of German Affairs, Bureau of European Affairs, Department of State

GFR, German Federal Republic

GNP, gross national product

GOE, Government of France; Government of Finland

GOI, Government of Iceland; Government of Italy

GOS, Government of Spain

GRC, Government of the Republic of China

HG, Head of Government

HMG, His (Her) Majesty's Government

- IBRD**, International Bank for Reconstruction and Development
- ICA**, International Cooperation Administration
- ICBM**, intercontinental ballistic missile
- ICFTU**, International Confederation of Free Trade Unions
- IEME**, Instituto Español de Moneda Extranjera (Spanish Institute of Foreign Exchange)
- INR**, Bureau of Intelligence and Research, Department of State
- IMF**, International Monetary Fund
- IRBM**, intermediate range ballistic missile
- IS**, International Staff
- ISA**, Office of International Security Affairs, Department of Defense
- JCS**, Joint Chiefs of Staff
- JEA(D)**, Joint Economic Affairs (Document)
- JIMCO**, Joint Industrial Mobilization Committee
- JUSMAG**, Joint United States Military Advisory Group
- KLM**, Koninklijke Luchtvaart Maatschappij (Royal Aviation Company, KLM-Royal Dutch Airlines)
- KW**, kilowatt
- L**, Office of the Legal Adviser, Department of State
- LDC**, less developed country
- LOC**, line of communication
- LS**, Division of Language Services, Department of State
- Luxco**, series indicator for telegrams from the Department of State to the Mission to the European Economic Communities at Luxembourg
- M**, Office of the Under Secretary of State for Political Affairs
- MA**, military assistance
- MAAG**, Military Assistance Advisory Group
- MAP**, Military Assistance Program
- MB-1**, missile-bomber
- MC**, Military Committee
- MDAP**, Mutual Defense Assistance Program
- MEDOC**, Mediterranean Ocean; used by NATO to describe Western Mediterranean Area
- MFN**, most favored nation
- Min**, Minister
- MOD**, Ministry of Defense
- MRBM**, medium range ballistic missile
- MRP**, Mouvement Républicain Populaire (Popular Republican Movement)
- MSI**, Movimento Sociale Italiano (Italian Socialist Movement)
- MUIS**, Movimento Unitario di Iniziativa Socialista (Unity Movement of Socialist Initiative)
- MWDP**, Mutual Weapons Development Program
- NA**, North Atlantic
- NAC**, North Atlantic Council
- NADET**, NATO Deterrent
- NARB**, NATO Annual Review Board
- NATO**, North Atlantic Treaty Organization
- NEB**, National Energy Board
- NIE**, National Intelligence Estimate
- NOA**, new obligational authority
- Nofo**, no foreign nationals
- NORAD**, North American Air Defense Command
- NSC**, National Security Council
- OAS**, Organization of American States
- OCB**, Operations Coordinating Board
- OCON**, Office of Interministerial Commission for the Implementation of the Agreements Between Spain and the United States
- ODM**, Office of Defense Mobilization
- OEC**, Organization for Economic Cooperation
- OECD**, Organization for Economic Cooperation and Development
- OEEC**, Organization for European Economic Cooperation
- OSD/ISA**, Office of the Secretary of Defense, International Security Affairs
- OSP**, offshore procurement
- OT**, overseas territory
- PCI**, Partito Comunista Italiano (Italian Communist Party)
- PDI**, Partito Democratico Italiano (Italian Democratic Party)
- PermRep**, Permanent Representative
- PJBD**, Permanent Joint Board on Defense
- P.L.**, Public Law

PLI, Partito Liberale Italiana (Italian Liberal Party)
PMP, Partito Monarchico Popolare (Popular Monarchist Party)
PNM, Partito Nazionale Monarchico (National Monarchist Party)
POL, petroleum, oil, and lubricants
Polto, series indicator for telegrams from the Mission to the North Atlantic Treaty Organization and European Regional Organizations
PPS, Policy Planning Staff
PriMin, Prime Minister
PR, Partito Radicale (Radical Party)
PRI, Partito Repubblicano Italiano (Italian Republican Party)
PSDI, Partito Social Democratico Italiano (Italian Social Democratic Party)
PVC/MC, President's visit to Canada/memorandum of conversation
PX, post exchange
QR, quantitative restriction
R, Special Assistant to the Secretary of State for Intelligence
R & D, research and development
RA, Office of European Regional Affairs, Bureau of European Affairs, Department of State
RAF, Royal Air Force
RCAF, Royal Canadian Air Force
ref, reference
refair, reference airgram
reftel, reference telegram
rep, representative
ROK, Republic of Korea
S, Office of the Secretary of State
SAC, Strategic Air Command
SACEUR, Supreme Allied Command, Europe
SACLANT, Supreme Allied Commander, Atlantic
Sage, Semi-Automatic Ground Environment
SAM, surface-to-air missile
SAMOS, Satellite-Missile Observation System
SCA, Bureau of Security and Consular Affairs, Department of State
SD-MICC, State-Defense Military Information Control Committee
SEA, Southeast Asia

SEATO, Southeast Asia Treaty Organization
Sec, Secretary
SecDel/MC, Secretary of State's delegation/memorandum of conversation
SecGen, Secretary General
Secto, series indicator for telegrams to the Department of State from the Secretary of State (or his delegation) at international conferences
SG, Secretary General; Standing Group
SGN, Standing Group, NATO
SGRep, Secretary General's Representative
SHAEF, Supreme Headquarters, Allied Expeditionary Force
SHAPE, Supreme Headquarters, Allied Powers, Europe
SNIE, Special National Intelligence Estimate
SOV, Office of Soviet Union Affairs, Bureau of European Affairs, Department of State
SPD, Sozialdemokratische Partei Deutschlands (German Social Democratic Party)
S/S, Executive Secretariat, Department of State
STRIKEFORSOUTH, Strike Force South
sq, squadron
SUNFED, Special United Nations Fund for Economic Development
TC, technical cooperation
telecon, telephone conversation
TNCD, Ten-Nation Committee on Disarmament
Topol, series indicator from the Department of State to the Mission to the North Atlantic Treaty Organization and European Regional Organizations
Tosec, series indicator for telegrams from the Department of State to the Secretary of State (or his delegation) while at international conferences
U, Under Secretary of State
UAR, United Arab Republic
UK, United Kingdom
UN, United Nations
UNGA, United Nations General Assembly

UNR , Union pour la Nouvelle République (Union for the New Republic)	indicator for telegrams from the Department of State to the Mission to the European Economic Communities
UNSC , United Nations Security Council	USG , United States Government
US/MC , United States memorandum of conversation	USIA , United States Information Agency
USA , United States Army	USOM , United States Operations Mission
USAF , United States Air Force	USRO , Mission to the North Atlantic Treaty Organization and European Regional Organizations
USAFE , United States Air Force, Europe	W , Deputy Under Secretary of State for Economic Affairs
USCINCEUR , Commander in Chief, United States Forces, Europe	WE , Office of Western European Affairs, Department of State
USDA , United States Department of Agriculture	WEU , Western European Union
USDel , United States Delegation	WG , working group
USEC , United States Representative to the European Economic Communities at Luxembourg; series	WP , working party

List of Persons

- Achilles, Theodore C.**, Counselor of the Department of State from March 1960
- Adams, Sherman**, The Assistant to President Eisenhower until October 1958
- Adenauer, Konrad**, Chancellor of the Federal Republic of Germany
- Alphand, Hervé**, French Ambassador in the United States
- Anderson, Clinton P.**, Senator from New Mexico, Chairman of the Joint Committee on Atomic Energy
- Anderson, Robert B.**, Secretary of the Treasury
- Andreotti, Giulio**, Italian Minister of Defense, February 1959–February 1960 and from March 1960
- Areilza y Martinez-Rodas, José Maria, Count de Motrico**, Spanish Ambassador in the United States until July 1960
- Armand, Louis**, President of the EURATOM Commission, January 1958–February 1959
- Averoff, Evangelos**, Greek Foreign Minister
- Barroso Sanchez-Guerra, Lieutenant General Antonio**, Spanish Minister of the Army
- Becker, Loftus**, Legal Adviser of the Department of State
- Beigel, Edgar J.**, Office of Western European Affairs, Bureau of European Affairs, Department of State
- Benson, Ezra Taft**, Secretary of Agriculture
- Bernau, Phyllis D.**, Secretary Dulles' Personal Assistant
- Black, Eugene R.**, President of the International Bank for Reconstruction and Development
- Blankenhorn, Herbert A. von**, German Permanent Representative to the North Atlantic Treaty Organization
- Boegner, Jean-Marie**, Diplomatic Adviser in the Cabinet of President de Gaulle, June 1958–January 1959; Diplomatic Adviser to the Secretariat of President de Gaulle, January 1959–October 1959; French Ambassador to Tunisia from November 1959
- Boggs, Marion W.**, Director, National Security Council Secretariat, until July 1959; Deputy Executive Secretary thereafter
- Bonbright, James C. H.**, Ambassador to Portugal until November 1958; Ambassador to Sweden from January 1959
- Borbon y Battenberg, Juan, Count of Barcelona**, Pretender to the Spanish Throne
- Borbon y de Borbon, Juan Carlos, Count of Seville and the Two Sicilies**, son of the Pretender to the Spanish Throne
- Botelho Moniz, Julio Carlos Alves Dias**, Chief, General Staff of the Portuguese Armed Forces, until August 1958; thereafter Minister of National Defense
- Bowie, Robert R.**, Consultant to the Department of State, March–December 1960
- Brentano, Heinrich von**, German Foreign Minister
- Brosio, Manlio**, Italian Ambassador in the United States
- Brown, L. Dean**, Officer in Charge of French-Iberian Affairs, Office of Western European Affairs, Bureau of European Affairs, Department of State
- Bruce, David K. E.**, Ambassador to Germany until October 1959
- Bulganan, Nikolai Alexandrovich**, Chairman of the Council of Ministers of the Soviet Union until March 1958
- Burgess, W. Randolph**, Chief of the Mission to the North Atlantic Treaty Organization and European Regional Organizations at Paris

- Butterworth, W. Walton**, Representative to the European Coal and Steel Community until February 1958; Representative to the European Coal and Steel Community, the European Economic Community, and the European Atomic Energy Community, February 1958–September 1959; thereafter Representative to the European Communities
- Byrns, Kenneth A.**, Officer in Charge of Canadian Affairs, Office of British Commonwealth and Northern European Affairs, Bureau of European Affairs, Department of State, June 1958–January 1960
- Cabanier, Admiral Georges**, Chief of Staff to the French Minister of Defense and Chief of the National Defense Staff, June–November 1958; Vice Admiral of the Mediterranean Fleet, January 1959–May 1960; Admiral of the Fleet, January 1960; thereafter Chief of Naval Staff
- Caccia, Harold A.**, British Ambassador in the United States
- Calhoun, John A.**, Deputy Director, Executive Secretariat, Department of State, until September 1958; Director, September 1958–August 1960
- Cameron, Turner C., Jr.**, Bureau of European Affairs, Department of State, until September 1958; thereafter Deputy Director, Office of Western European Affairs, Department of State
- Carbonnel, Eric C.M. de**, French Representative to the European Economic Communities, April 1958–June 1959; thereafter Secretary General in the Foreign Ministry
- Carlson, Delmar R.**, Second Secretary in the Embassy in Canada until February 1959; First Secretary, March–September 1959; thereafter Office of British Commonwealth and Northern European Affairs, Bureau of European Affairs, Department of State
- Castiella y Maiz, Fernando Maria**, Spanish Foreign Minister
- Castro y Ruz, Fidel**, Leader of the 26th of July Movement; Cuban Prime Minister July 1959
- Cicognani, Amleto**, Apostolic Delegate of the Catholic Church to the United States until November 1959; thereafter Secretary of the Sacred Congregation for the Oriental Church
- Cleveland, Stanley M.**, Office of European Regional Affairs, Bureau of European Affairs, Department of State, until June 1958; thereafter First Secretary of the Embassy in Belgium
- Cole, W. Sterling**, Director General of the International Atomic Energy Agency
- Couve de Murville, Maurice**, French Foreign Minister
- Dale, William N.**, Officer in Charge, United Kingdom and Ireland Affairs, Office of British Commonwealth and Northern European Affairs, Bureau of European Affairs, Department of State, until June 1958; Deputy Director, Office of British Commonwealth and Northern European Affairs, July 1958–August 1959
- de Borbon.** *See* Borbon
- de Carbonnel.** *See* Carbonnel
- de Courcel, Geoffrey Chodron**, French Permanent Secretary General of National Defense until June 1958; Permanent Representative to the North Atlantic Treaty Organization, September–December 1958; Secretary General of the Presidency of France from January 1959
- de Gaulle, Charles**, French Prime Minister, June 1958–January 1959; thereafter President of France
- de Leusse.** *See* Leusse
- Dean, Sir Patrick**, Deputy Under Secretary of State, British Foreign Office, and Chairman, Joint Intelligence Committee until April 1960; thereafter British Representative to the United Nations
- Debré, Michel**, French Prime Minister from January 1959
- Denny, Admiral Sir Michael**, Chairman of the British Joint Services Staff in Washington until June 1959

- Diefenbaker, John G.**, Canadian Prime Minister; also Secretary of State for External Affairs, March–June 1959
- Dillon, C. Douglas**, Under Secretary of State for Economic Affairs, July 1958–June 1959; thereafter Under Secretary of State
- Don Juan.** *See* Borbon
- Don Juan Carlos.** *See* Borbon
- Douglas, James H.**, Secretary of the Air Force until December 1959; thereafter Deputy Secretary of Defense
- Douglas-Home, Alexander Frederick**, British Secretary of State for Commonwealth Relations until July 1960; thereafter Foreign Secretary
- Dulles, Allen W.**, Director of Central Intelligence
- Dulles, John Foster**, Secretary of State until April 1959
- Eisenhower, Dwight D.**, President of the United States
- Eisenhower, Major John S. D. (Lieutenant Colonel from May 31, 1960)**, Assistant Staff Secretary to the President
- Elbrick, C. Burke**, Assistant Secretary of State for European Affairs until November 1958; Ambassador to Portugal from January 1959
- Ely, General Paul H. R.**, Chief of Staff of the French Armed Forces until January 1959; thereafter Chief of the National Defense General Staff
- Etzel, Franz**, German Finance Minister
- Fanfani, Amintore**, Italian Prime Minister, July 1958–January 1959 and from July 1960; Secretary of the Christian Democratic Party to February 1959
- Farley, Philip J.**, Special Assistant to the Secretary of State for Atomic Energy Affairs until May 1958; thereafter Special Assistant to the Secretary of State for Disarmament and Atomic Energy
- Faure, Maurice**, French Secretary of State for Foreign Affairs until April 1958; Minister of the Interior and Minister of European Institutions from May 1958
- Fessenden, Russell**, First Secretary of the Embassy in France, until August 1958; Deputy Director, Office of European Regional Affairs, Bureau of European Affairs, Department of State, September 1958–September 1960; thereafter Director
- Foulkes, General Charles**, Chairman, Canadian Chiefs of Staff Committee
- Franco y Bahamonde, Generalissimo Francisco**, Chief of State of Spain
- Gaillard, Felix**, French Prime Minister until April 1958
- Gates, Thomas S., Jr.**, Secretary of the Navy until June 1959; Deputy Secretary of Defense, June 1959–December 1959; thereafter Secretary of Defense
- Gelée, General Max**, French Representative to the NATO Standing Group until July 1960
- Gleason, S. Everett**, Deputy Executive Secretary of the National Security Council
- Goodpaster, General Andrew J.**, Staff Secretary to President Eisenhower
- Gray, Gordon**, Director of the Office of Defense Mobilization until June 1958; Special Assistant to the President for National Security Affairs from July 1958
- Green, Howard C.**, Canadian Secretary of State for External Affairs after May 1959
- Greene, Joseph N., Jr.**, Special Assistant to the Secretary of State until October 1959
- Gronchi, Giovanni**, President of Italy
- Gudmunsson, Gudmundur**, Icelandic Foreign Minister
- Guillamat, Pierre**, French Minister for Armed Forces, June 1958–February 1959; thereafter Minister of Atomic Energy
- Hagerty, James**, President Eisenhower's Press Secretary
- Hallstein, Walter**, President of the European Economic Communities
- Hammar skjöld, Dag**, Secretary-General of the United Nations
- Heeney, Arnold D. P.**, Canadian Ambassador in the United States from November 1958

XXVIII List of Persons

- Henderson, Loy W.**, Deputy Under Secretary of State for Administration
- Herter, Christian A.**, Under Secretary of State until April 1959; thereafter Secretary of State
- Hillenbrand, Martin J.**, Mission at Berlin until September 1958; thereafter Director, Office of German Affairs, Bureau of European Affairs, Department of State
- Home.** *See* Douglas-Home
- Hood, Viscount Samuel**, Minister of the British Embassy in the United States
- Horsey, Outerbridge**, Minister Counselor of the Embassy in Italy from January 1959
- Houghton, Amory**, Ambassador to France
- Hoyer Millar.** *See* Millar
- Irwin, John N., II**, Deputy Assistant Secretary of Defense for International Security Affairs until September 1958; thereafter Assistant Secretary of Defense for International Security Affairs
- James, Alan G.**, Reports-Operations Staff, Executive Secretariat, Department of State, until November 1959; thereafter Office of European Regional Affairs, Bureau of European Affairs, Department of State
- Jandrey, Frederick W.**, Deputy Assistant Secretary of State for European Affairs until April 1958
- Jebb, Sir Hubert Miles Gladwyn**, British Ambassador in France until fall 1960
- Jernegan, John D.**, Minister Counselor of the Embassy in Italy until 1958
- Joxe, Louis**, Permanent Secretary General of the French Foreign Ministry until July 1959; Secretary of State to the Prime Minister, July 1959–January 1960
- Kidder, Randolph A.**, Special Assistant to the Deputy Under Secretary of State for Administration until May 1958; thereafter Counselor for Political Affairs of the Embassy in France
- Khrushchev, Nikita Sergeyevich**, First Secretary of the Central Committee, Communist Party of the Soviet Union; Vice Chairman, Soviet Council of Ministers, until March 1958; thereafter Chairman
- Knight, Robert H.**, Deputy Assistant Secretary of Defense for International Security Affairs, September 1958–June 1959
- Kohler, Foy D.**, Deputy Assistant Secretary of State for European Affairs, February 1958–December 1959; thereafter Assistant Secretary of State for European Affairs
- Krag, Jens Otto**, Danish Foreign Minister and Minister of Foreign Economic Relations from October 1958
- Laloy, Jean**, Director of European Affairs, French Foreign Ministry
- Lange, Halvard**, Norwegian Foreign Minister
- Lay, James S.**, Executive Secretary, National Security Council
- Lemnitzer, General Lyman L.**, Vice Chief of Staff, United States Army, until June 1959; Chief of Staff, July 1959–September 1960; thereafter Chairman, Joint Chiefs of Staff
- Leusse, Pierre de**, French Permanent Representative to the North Atlantic Treaty Organization from January 1959
- Lloyd, Selwyn**, British Foreign Secretary until June 1960; thereafter Chancellor of the Exchequer
- Lodge, John D.**, Ambassador to Spain
- Loram, Matthew J.**, Office of Western European Affairs, Bureau of European Affairs, Department of State, until July 1959
- Lucet, Charles**, Minister of the French Embassy in the United States
- Luns, Joseph M. A. H.**, Dutch Foreign Minister
- Lyon, Cecil B.**, Deputy Chief of Mission of the Embassy in France from March 1958

- Macmillan, Harold**, British Prime Minister and First Lord of the Treasury
- Maestroni, Frank**, Office of Western European Affairs, Bureau of European Affairs, Department of State, until June 1960
- Martin, General André**, Chief of Staff to the French Minister of Armies, June 1958–January 1959; thereafter Commandant of the Air Forces, Fifth Region
- Mathias, Marcello Duarte**, Portuguese Foreign Minister after August 1958
- Mattei, Enrico**, President, Italian State Petroleum Agency
- Maudling, Reginald**, Chairman, Intergovernmental Committee for the Establishment of a European Free Trade Area; British Paymaster General until October 1959; thereafter President of the Board of Trade
- McBride, Robert H.**, Deputy Director, Office of Western European Affairs, Bureau of European Affairs, Department of State, until September 1958; thereafter Director
- McCarthy, John G.**, Director, Office of Economic Affairs, Mission to the European Regional Organizations at Paris
- McCone, John A.**, Chairman of the Atomic Energy Commission from July 1958
- McElhiney, Thomas W.**, Bureau of European Affairs, Department of State, until September 1958; Deputy Director, Executive Secretariat, September 1958–August 1960
- McElroy, Neil H.**, Secretary of Defense until December 1959
- McNaughton, General Andrew G. L.**, Chairman, Canadian Section, International Joint Commission on Development of the Columbia River
- Merchant, Livingston T.**, Ambassador to Canada until November 1958; Assistant Secretary of State for European Affairs, November 1958–August 1959; Deputy Under Secretary of State for Political Affairs, August–December 1959; thereafter Under Secretary of State for Political Affairs
- Mikoyan, Anastas Ivanovich**, First Deputy Chairman, Soviet Council of Ministers
- Millar, Frederick Hoyer**, British Permanent Under-Secretary of State for Foreign Affairs
- Minnich, L. Arthur, Jr.**, Assistant Staff Secretary to President Eisenhower
- Mollet, Guy**, French Minister and Vice President of Council, May 1958; Minister of State without Portfolio, June 1958–January 1959
- Moniz.** See Botelho Moniz
- Monnet, Jean**, President of the Action Committee for a United States of Europe
- Mountbatten, Admiral Louis**, British First Sea Lord until May 1959; Chief of the Defence Staff and Chairman, Chiefs of Staff, from July 1959
- Muccio, John J.**, Ambassador to Iceland until December 1959
- Murphy, Robert D.**, Deputy Under Secretary of State for Political Affairs until August 1959; Under Secretary of State for Political Affairs, August–December 1959
- Nasser, Gamal Abdul**, President of Egypt; President of the United Arab Republic from February 1958
- Nenni, Pietro**, Secretary of the Italian Socialist Party
- Nolting, Frederick E., Jr.**, Deputy Representative to the North Atlantic Treaty Organization and Deputy Chief of Mission to the European Regional Organizations at Paris
- Norstad, General Lauris**, Supreme Commander, Allied Powers in Europe; also Commander, U.S. European Command, from September 1958
- O'Hurley, J. Raymond**, Canadian Minister of Defence Production

- Parsons, Marselis C., Jr.**, Director, Office of British Commonwealth and Northern European Affairs, Department of State, until December 1958; Counselor of the Embassy in Denmark from September 1959
- Pearkes, George R.**, Canadian Minister of National Defense
- Pella, Giuseppe**, Italian Foreign Minister until June 1958 and February 1959–February 1960
- Pflimlin, Pierre**, French Finance Minister until April 1958; Prime Minister, May 1958; Minister of State without Portfolio, June 1958–January 1959
- Pinay, Antoine**, French Minister of Finance and Economic Affairs from June 1958
- Pineau, Christian**, French Minister of Foreign Affairs until May 1958
- Pinies, Jaime de**, Director for North American Political Affairs, Spanish Foreign Ministry
- Pleven, René**, French Foreign Minister of Foreign Affairs, May 14–31, 1958
- Quarles, Donald**, Deputy Secretary of Defense until May 1959
- Reinhardt, G. Frederick**, Counselor of the Department of State until January 1960
- Reinstein, Jacques J.**, Director, Office of German Affairs, Bureau of European Affairs, Department of State, until July 1958; Minister for Economic Affairs at the Embassy in France from June 1959
- Rewinkel, Milton C.**, Counselor of the Embassy in Canada until August 1959; Deputy Director, Office of British Commonwealth and Northern European Affairs, Bureau of European Affairs, Department of State, until March 1960
- Rey, Jean**, Belgian Representative to the Commission of the Common Market
- Ritchie, A. E.**, Minister of the Canadian Embassy in the United States until September 1959
- Roberts, Sir Frank**, British Permanent Representative to the North Atlantic Treaty Organization until May 1960
- Robertson, Norman**, Canadian Ambassador in the United States until September 1958; thereafter Under Secretary of State for External Affairs
- Rountree, William M.**, Assistant Secretary of State for Near Eastern, South Asian, and African Affairs until August 20, 1958; thereafter Assistant Secretary of State for Near Eastern and South Asian Affairs
- Rovira y Sanchez-Herrero, Juan José**, Director General, Office of Interministerial Commission for the Implementation of the Agreements Between Spain and the United States
- Sackstedter, Frederick H., Jr.**, Office of Western European Affairs, Bureau of European Affairs, Department of State
- Saint-Mleux, André**, Assistant Chef du Cabinet to the Secretary General of the North Atlantic Treaty Organization
- Salazar, Antonio de Oliveira**, Portuguese Prime Minister
- Sandys, Duncan**, British Defence Minister until October 1959
- Schaetzel, J. Robert**, Office of the Special Assistant for Disarmament and Atomic Energy, Department of State
- Segni, Antonio**, Deputy Italian Prime Minister and Defense Minister, July 1958–January 1959; Prime Minister, February 1959–February 1960; thereafter Foreign Minister
- Service, Richard M.**, Deputy Director, Office of Western European Affairs, Bureau of European Affairs, Department of State, until June 1959; Director, Office of Soviet Union Affairs, June 1959–June 1960; thereafter Counselor of the Embassy in the Netherlands
- Shuckburgh, Sir C. A. Evelyn**, Assistant Under Secretary of State, British Foreign Office, until September 1958; Assistant Secretary General for Political Affairs to the North Atlantic Treaty Organization from September 1958; Deputy Under Secretary of State for Foreign Affairs from July 1960
- Smith, Gerard C.**, Assistant Secretary of State for Policy Planning

- Smith, Sidney E.**, Canadian Secretary of State for External Affairs until March 1959
- Soustelle, Jacques E.**, French Minister attached to the Prime Minister's Office, January 1959–February 1960
- Spaak, Paul-Henri**, Secretary General of the North Atlantic Treaty Organization
- Sprague, Mansfield D.**, Assistant Secretary of Defense for International Security Affairs until September 1958
- Stans, Maurice H.**, Director of the Bureau of the Budget from March 1958
- Stassen, Harold E.**, Special Assistant to President Eisenhower for Disarmament until February 1958
- Stikker, Dirk U.**, Dutch Permanent Representative to the North Atlantic Treaty Organization from April 1958
- Stoessel, Walter J., Jr.**, First Secretary and Political Officer of the Embassy in France until August 1959; Director, Executive Secretariat, Department of State, after August 1960
- Strauss, Franz-Joseph**, German Defense Minister
- Strauss, Lewis L.**, Chairman of the Atomic Energy Commission until June 1958; Secretary of Commerce, November 1958–June 1959
- Tambroni, Fernando**, Italian Prime Minister, March–July 1960
- Tanner, Father Paul Francis**, Chairman of the National Catholic Welfare Conference
- Thompson, Tyler**, Minister in Canada until January 1960; thereafter Ambassador to Iceland
- Thurston, Raymond L.**, Counselor and Political Officer, Mission to SHAPE, Paris
- Timmons, Benson E. L., III**, Director, Office of European Regional Affairs, Bureau of European Affairs, Department of State, until June 1959; thereafter Counselor and Consul General of the Embassy in Sweden
- Torbert, Horace G.**, Director, Office of Western European Affairs, Bureau of European Affairs, Department of State, until September 1958; thereafter Counselor for Political Affairs of the Embassy in Italy
- Twining, General Nathan F.**, Chairman, Joint Chiefs of Staff, until September 1960
- Valery, Francois**, Chief of Service for Economic Cooperation, French Foreign Ministry
- Valliere, Raymond A.**, Consul at Seville until August 1958; thereafter Office of Western European Affairs, Bureau of European Affairs, Department of State
- Valluy, General Jean E.**, Commander in Chief, Allied Forces, Central Europe, until May 1960
- Van Der Beugel, Ernest**, Dutch State Secretary for Foreign Affairs
- Vellerti, Augusto**, Second Secretary of the Embassy in Italy until August 1960
- von Brentano.** *See* Brentano
- Walters, Lieutenant Colonel Vernon A. (Colonel from April 1969)**, Staff Assistant to President Eisenhower until May 1960
- Watkinson, Harold**, British Defence Minister after October 1959
- Waugh, Samuel C.**, President and Chairman of the Board of the Export-Import Bank
- Wells, Stabler**, Office of Western European Affairs, Bureau of European Affairs, Department of State
- White, Ivan B.**, Deputy Assistant Secretary of State for European Affairs after March 1959
- Whitman, Ann C.**, President Eisenhower's Personal Secretary
- Whitney, John Hay**, Ambassador to the United Kingdom
- Wigglesworth, Richard B.**, Ambassador to Canada, December 1958–October 1960
- Wigny, Pierre**, Belgian Foreign Minister after June 1958
- Willoughby, Woodbury**, Director, Office of International Trade, Department of State, until August 1958; thereafter Director, Office of British Commonwealth and North European Affairs, Bureau of European Affairs, and member, U.S.-Canada Permanent Joint Board for Defense

XXXII List of Persons

Wormser, Olivier, Director, Economic and Financial Affairs, and head, French Delegation to the Intergovernmental Committee for the Establishment of a European Free Trade Area

Xanthaky, Theodore A., Attaché and Political Officer of the Embassy in Portugal, until October 1958; thereafter Counselor of the Embassy

Zellerbach, James D., Ambassador to Italy until December 1960

Zoli, Adone, Italian Prime Minister until June 1958

Zorlu, Fatin Rüstü, Turkish Foreign Minister

WESTERN EUROPEAN INTEGRATION

U.S. INTEREST IN THE GROWTH AND DEVELOPMENT OF
THE EUROPEAN ECONOMIC COMMUNITIES; U.S. ROLE IN
THE ESTABLISHMENT OF THE ORGANIZATION FOR
ECONOMIC COOPERATION AND DEVELOPMENT;
EUROPEAN CHIEFS OF MISSION MEETINGS IN PARIS
MAY 9-13, 1958, AND IN LONDON OCTOBER 6-8, 1958

1. Memorandum From the Assistant Secretary of State for European Affairs (Elbrick) to Secretary of State Dulles

January 8, 1958.

SUBJECT

Decisions of the Foreign Ministers of the Community of Six on the membership
and location of the institutions of the Common Market and EURATOM

The Foreign Ministers of the Community of Six met in Paris Monday and Tuesday.¹ They named the members of the European commissions which will direct the European Economic Community and Euratom, but postponed for six months an agreement on a permanent capital for the Community of Six. The Presidents of the three executives will be: Walter Hallstein for the European Economic Community (Common Market), Louis Armand for Euratom, and Paul Finet to replace Rene Mayer as President of the High Authority of the Coal and Steel Community. Pietro Campilli of Italy will head the European Investment Bank provided for by the Common Market Treaty. A full list of the members designated is attached (Tab A).²

The quality of the presidents and members seems to augur well for the success of these executive bodies which will now have to take the leadership of the movement for European integration. Hallstein, as you know, has been one of the Chancellor's close collaborators and, in particular, has acted for the Chancellor in pursuing the policy of pushing for organic unity between Germany and her Western neighbors. He is a

Source: Department of State, Central Files, 840.1901/1-858. Confidential. Drafted by Cleveland. The source text bears Elbrick's handwritten initials and the handwritten notation: "Sec saw."

¹ January 6 and 7.

² Not printed.

close friend of Jean Monnet, is well regarded by the French and the other members of the Community, and has proved very effective as a spokesman for the "Six" in international bodies. He should be able to give the Economic Community the kind of political leadership that it needs. Armand, who you met last year when he came with the Euratom "Wise Men",³ is also a close collaborator of Monnet, and a very energetic and articulate administrator. Paul Finet is perhaps the ablest of the incumbent members of the High Authority, and was formerly one of the top leaders of the European and International Free Trade Unions; his designation should help to confirm the strong support which the trade unions and Socialist parties have given to the integration movement. The other members of the commissions, as far as they are known to us, appear to be also excellent choices; the Common Market Commission, in particular, will include at least three men of broad political experience as cabinet officers and should be able to give Hallstein effective support in carrying out, not only the economic but the political purposes of the Community.

In summary, the Ministers of the Six appear to have named a leadership for the integration movement which gives real promise of being able not only to carry out effectively the treaties which entered into force on January 1, but also to carry forward future development of the Communities in the direction of closer political and economic unity.

The Ministers were unable to agree on a permanent capital for the Community and postponed the decision until the middle of this year. The Parliamentary Assembly of the Community of Six will be given some say in the final decision. However, they have apparently agreed to the principle that the institutions should all be located in one place; this is obviously desirable from the point of view of encouraging the further growth of the integration movement as well as for practical reasons. Meanwhile the institutions will begin to operate immediately, probably in Luxembourg.

³For a memorandum of Secretary Dulles' conversation on February 8, 1957, in Washington with the EURATOM "Wise Men" (Louis Armand, Franz Etzel, and Francesco Giordani), see *Foreign Relations, 1955–1957*, vol. IV, pp. 519–522. The Wise Men had been instructed on November 16, 1956, by the Foreign Ministers of the six EURATOM countries to report on the "amount of atomic energy which can be produced in the near future in the six countries, and the means to be employed for this purpose." Their report, entitled "A Target for EURATOM," was submitted on May 4, 1957.

2. Telegram From the Embassy in the United Kingdom to the Department of State

London, January 10, 1958, 9 a.m.

4045. Department pass AEC. Re EURATOM. Following represents consensus views senior UK officials concerned with problem toward UK collaboration with EURATOM, and may be of particular interest at this stage EURATOM's development:

1) EURATOM for some time will be unknown quantity and HMG would not wish decide its permanent relationship with unknown quantity at this time. Pragmatic approach, quite in keeping with usual British attitude toward foreign relations, will be basis UK's attitude toward collaboration with EURATOM.

2) Consequently, in practical terms, UK expects enter into bilaterals, similar to UK-Italian,¹ with various members EURATOM. Apparently, UK expects conclude such bilaterals with Netherlands and Germany this year. Since article 2 UK-Italian bilateral provided UK is prepared arrange for EURATOM assume Italian rights and obligations if agreement for cooperation concluded between EURATOM and UK, HMG may eventually be involved in direct relations with EURATOM but does not envisage this arising for some time. Immediate UK preference is for bilaterals with option for EURATOM succeed to rights and obligations other party if able effectively and securely carry out these rights and obligations.

3) In addition to bilaterals providing for concrete aid on individual basis to EURATOM members, UK appears to be considering providing help in training and possibly some exchange in research field with EURATOM joint nuclear research center when and if established. Here, [garble] traditional view is that UK's facilities for giving such training and research aid is so limited by demands its domestic nuclear programs that problem is one of dividing up pie as appropriate among IAE, OEEC, EURATOM and UK bilaterals. Atomic energy office (Prime Minister), however, intimated UK had some more flexibility than IAE attitude indicated, and that political aspects such research and training collaboration would undoubtedly weigh heavily in whatever decision HMG reached re cooperation with EURATOM organization in these fields.

Source: Department of State, Central Files, 840.1901/1-1058. Confidential.

¹ Reference is to the agreement between the Governments of the United Kingdom and Italy for cooperation in the peaceful uses of atomic energy signed at Rome on December 28, 1957.

4) Appointment of Armand as Chairman, EURATOM Commission, is regarded as presaging struggle between Armand, who is believed to favor supra-national aspects EURATOM organization, and various influential officials in national atomic energy establishments of EURATOM members, who inclined towards more independent development of national atomic energy programs with more of coordinating role for EURATOM. UK officials expect Armand will try immediately press forward EURATOM powers re central purchasing and distribution ores and fissionable material coming from within EURATOM community and sole right conclude agreement with outside suppliers. Some UK officials believe fear this would be case was in part behind German anxiety conclude ore agreement with Canada and German efforts reach agreement with South Africa. Effort along these lines would be most immediately forceful way in which Armand could exercise EURATOM authority, and UK officials believe is sure to throw him into conflict with individual atomic energy establishments, particularly French and German. There is some thought here Armand may try establish joint nuclear research center and schools for training specialists at early date in order enhance EURATOM influence over research and training in domestic programs individual EURATOM members, but this is considered to be longer term operation. This effort would also bring Armand in conflict with those atomic energy officials in EURATOM countries who believe EURATOM should first seek influence a coordination of national research programs within EURATOM community. These issues, plus interest various EURATOM countries (particularly France) in expanding bilateral collaboration with both US and UK in peaceful uses fields, plus difficulties staffing EURATOM and natural differences of views among members Commission and between EURATOM Commissions and Council, lead UK to take pragmatic approach toward collaboration with EURATOM along lines cited in paras two and three above.

Barbour

3. **Memorandum From Acting Secretary of State Herter and the Chairman of the Atomic Energy Commission (Strauss) to President Eisenhower**

January 28, 1958.

SUBJECT

U.S. Cooperation with the European Atomic Energy Community

Recent demonstrations of Soviet technological competence have intensified both the need for and interest in European integration. In addition, both sides of the Atlantic are urgently searching for new types of arrangements that will bring together the rich scientific and technical resources of the U.S. and Europe. While a number of long-range programs show great promise, it is difficult to develop quickly specific major projects for joint endeavor. By good fortune, the European Atomic Energy Community (Euratom) is an exception where the timing favors us and where extensive preparatory staff work has been done. Furthermore, we have consistently over the last two years indicated our strong support of the proposed Community and willingness to support Euratom when it comes into being, which it did on January 1 of this year.

We have at hand a unique opportunity to exploit our great atomic energy resources to:

1. Further European integration at a critical moment and to do so in a manner which will associate the U.S. and its industry with a major European nuclear power program.

2. Provide the indispensable stimulation and assistance to Euratom which it will require if it is to initiate a major atomic energy development program.

3. Serve the interests of the United States in nuclear power development by enabling the U.S. atomic energy industry to join with European industry in demonstrating the technical and economic possibility of large nuclear power reactors.

To this end a cooperative U.S.-Euratom nuclear power program should be our objective. The program would involve beginning construction in 1958 of several large U.S.-type reactors, to be completed by 1962 or 1963 and designed to produce 1 million kilowatts of electrical energy. The cost of such a program would be borne primarily by the Europeans. The United States participation in the program, equated with the value to be gained by the United States from such a program, would be along the lines set forth in the annex. An important corollary would be the development of long-term collaboration with Euratom in

research and development activities on the frontiers of atomic energy. A program of this nature would presumably require Congressional action prior to the adjournment in the summer of 1958.

To preserve the political impact, it is important that this program be made public only after talks have been held with the Euratom Commission and in a way which emphasizes its cooperative nature.

In addition to this program, consideration is being given to programs of cooperation with the International Atomic Energy Agency as well as other foreign nations or groups of nations.

Recommendation:

That you approve in principle a cooperative U.S.-Euratom program as outlined, and instruct the Department of State and the Atomic Energy Commission to develop the technical, organizational, and financial aspects of such a program in anticipation of discussions with Euratom; and further authorize the Department of State to indicate through diplomatic channels at the appropriate time the general lines of our thinking with a view to encouraging a rapid decision on a cooperative program.¹

Christian A. Herter
Lewis L. Strauss

Annex²

If Euratom indicates an interest in undertaking a program for the construction of several U.S. type reactors, the U.S. would be prepared to cooperate along the following lines:

(a) Participation by the U.S. on a loan basis in financing the estimated \$350,000,000 capital costs of the reactors to the extent of \$100,000,000 to \$150,000,000.

(b) Supplying the necessary special nuclear material to fuel the reactors.

(c) Entering into special arrangements with regard to the fuel cycle reasonably consistent with those offered in the U.S. domestic program.

(d) Extending the present U.S. direct program of fuel cycle development and testing.

¹ Written in the margin next to the last paragraph is the following notation by Goodpaster: "I notified State and AEC of President's approval *in principle*. G." This notification was apparently made on February 6, for in a memorandum that day to Secretary Dulles and Strauss, Goodpaster told them of the President's approval of the recommendation in the final paragraph of the January 28 memorandum and added that the President "understands that specific aspects of the program, particularly the financial aspects, are subject to further development and to his further consideration." (Department of State, Central Files, 840.1901/2-658)

² Confidential.

(e) Establishing, as a supplement to (d), a 10-year cooperative program of research and development on the U.S. type reactors constructed by Euratom.

(f) Assisting Euratom in establishing a training program, arranging for the rapid exchange of technical information and establishing a Liaison Office at Euratom headquarters.

(g) Continuation by the U.S. of a strong program of research and development on advance reactor types, basic reactor technology, etc., and providing such information to Euratom for use in meeting long term objectives.

4. Telegram From the Department of State to the Mission at the North Atlantic Treaty Organization and European Regional Organizations

January 29, 1958, 6:45 p.m.

Topol 2638. Deliver McCarthy nine am Jan 30. Polto 2195.¹ Department warmly sympathetic Finnish desire closer relationship OEEC as further step in tightening bonds between Finland and other countries Western Europe. Consistent US associate status OEEC, USRO should appropriately support this objective including any preliminary study Finnish economic situation considered necessary to determine conditions Finnish membership or association OEEC, as proposed Ellis-Rees memo noted reftel.

Department presumes all delegations will bear Finland's delicate position vis-à-vis Soviet Union closely in mind as discussions go forward. Would appreciate USRO and Helsinki comments general problem Finnish participation OEEC and in particular problems resulting Soviet-Finnish relationship.

Herter

Source: Department of State, Central Files, 840.00/1-2458. Confidential; Priority. Drafted by Yost, cleared with various offices in the Department of State, and signed for Herter by Timmons. Repeated to Helsinki as telegram 523.

¹ In Polto 2195, January 24, Burgess reported that at the meeting that day of the OEEC Heads of Delegations, Chairman Ellis-Rees had transmitted an inquiry from the Finnish Ambassador in Paris regarding the conditions under which Finland might become a member of the OEEC. The Heads of Delegations were asked by the Chairman to consult with their governments and be prepared to discuss the question in the near future. (*Ibid.*)

5. Telegram From the Embassy in Finland to the Department of State

Helsinki, January 30, 1958, 5 p.m.

469. Paris pass USRO. Reference Deptel 523.¹ [*less than 1 line of source text not declassified*] Foreign Office, in frank discussion problems GOF re OEEC, said general feeling in government is that Soviet reaction if Finland should join would not pose serious problem. Minority, however, disagree, seeing possibility of at least commercial pressure. GOF has not discussed directly or indirectly with Soviets. [*less than 1 line of source text not declassified*] indicated that if decision finally reached and Soviets had not given forewarning of violent objection plan would be to present Soviets with fait accompli and meet any Soviet objections with frank explanation that decision motivated by economic considerations alone, particularly necessity Finland's being in position follow other northern countries into European Free Trade Area. [*less than 1 line of source text not declassified*] believed Soviets appreciative compelling reality behind this argument. Also repeated now standard point that Soviets are largely free of suspicion Finnish political motives.

[*less than 1 line of source text not declassified*] said that above analysis might turn out "wishful thinking" and that the analysis would be carefully and continuously checked before final decision to join made. Said GOF could hardly afford join and then be forced withdraw, a contingency [*less than 1 line of source text not declassified*] seemed particularly to envisage if OEEC should be "subordinated to Council of Europe or NATO". [*less than 1 line of source text not declassified*] made clear that in any event GOF would not risk final action until completion current price and contract negotiations implementing 1958 Finnish-Soviet trade agreement. Anticipated that for most items this would be soon although for some might be late in year. While not specific on point, [*less than 1 line of source text not declassified*] suggested delay would be only until bulk of items settled. Otherwise timing of final decision would be "up to OEEC countries".

[*less than 1 line of source text not declassified*] stated GOF believed OEEC probably would be satisfied with existing degree liberalization for present and would allow "two or three years" to meet OEEC standard. Expressed hope US would exert influence this direction.

Source: Department of State, Central Files, 840.00/1-3058. Confidential. Repeated priority to Paris.

¹ Printed as Document 4.

[*less than 1 line of source text not declassified*] noted that if contrary to expectations Soviet trade pressure applied, Finland would need financial help and would hope to get it.

Embassy comment: Our general impression is that Finns, despite avowed confidence, remain quite concerned over threat of Soviet reaction, but feel have no alternative since otherwise would face danger economic isolation through other northern countries joining Free Trade Area. This factor rather than any sudden appeal OEEC key their policy. Even this, however, probably would not induce them go ahead if Soviets made clear would react strongly or if OEEC subordinated to Council of Europe or NATO. This connection important to note great vulnerability Finland to Soviet economic pressure. Aside from possible Soviet pressure, Finn economy appears in reasonably good position to meet requirement OEEC membership. Might be noted foreign exchange reserves have risen rather than fallen in period since liberalizations and are currently about \$115 million.

May have further comments on economic aspects [*less than 1 line of source text not declassified*].²

Harvey

² Following further talks with Finnish officials, Harvey reported in telegram 480 from Helsinki, February 7, that the Finnish Government had probably postponed a decision on OEEC membership so as to gauge the reaction by the Soviet Union and the progress, or lack of progress, toward a European free trade area. He concluded, however, that if the OEEC approved Finnish membership without too stringent requirements and the international situation remained essentially unchanged, the Finnish Government "will take the plunge possibly before general elections in July." (Department of State, Central Files, 840.00/2-758)

6. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, January 30, 1958, 7 p.m.

Polto 2283. Department pass Treasury. Reference: Topol 2638, repeated Helsinki 523, January 29, 1958.¹ Subject: Finnish Association OEEC.

1. OEEC heads of delegations today agreed to entry in council minutes requesting economic committee, EPU managing board, steering board for trade and committee for invisible transactions to examine Finland's ability assume "obligations deriving from OEEC convention." Council desires report, which may not be final, by March 1.

2. All delegations, including US and Canada, welcome prospect Finnish entry. Only questions raised were need for haste and relation "membership" to "assumption of obligations." France, Belgium and Ireland said timetable would not permit capitals to decide question on economic grounds; France said if rapid decision needed it should perhaps be made purely on political grounds. Norway, Sweden, Germany and Secretary General thought general studies could be made quickly, especially if Finns send experts. Chairman (Ellis-Rees) said off-the-record that Finnish Government undoubtedly has international political reasons for desiring rapid consideration, probably feeling present time more propitious than later on. Ellis-Rees proposed various committees get started soonest on work so that at least preliminary economic report will be available by March 1.

3. Belgium (Ockrent) proposed strict examination of Finland's ability meet all OEEC obligations rather than attempt proposed general judgment as to whether Finland "capable of becoming OEEC member." Sergeant said previous experience had shown difficulties inherent in this approach, largely due to extreme variety and complexity OEEC obligations. Further discussion led to compromise wording quoted paragraph one, above, Ellis-Rees observed that question of Finland "joining OEEC" might be more complicated than realized by those advocating very rapid OEEC consideration.

4. USRO comments requested reference telegram will be subject later message.²

Burgess

Source: Department of State, Central Files, 840.00/1-3058. Confidential. Repeated to Helsinki.

¹ Document 4.

² These comments were transmitted in Polto 2341 from Paris, February 4. (Department of State, Central Files, 840.00/2-458)

7. **Letter From the Deputy Assistant Secretary of State for European Affairs (Jandrey) to the Minister in the United Kingdom (Barbour)**

February 11, 1958.

DEAR WALLY: In view of the fact that Euratom has now come into effect, it may be useful to you and others in the Embassy if I outline informally the position we are taking in the Department with respect to Euratom, the OEEC, and bilateral agreements, particularly with regard to the Six countries.

As you know, the President and the Secretary have both reiterated in the past this Government's sympathy and support for European integration in general and specifically with reference to these two new institutions. Our somewhat restrained public position has been based on a conviction that open support or U.S. involvement in the negotiations which led to the drafting of the Treaty or interference in the ratification process would be distinctly contraproductive.

We are now at a point, however, where it may be possible to work more directly and openly with the new Community. We see many unique advantages to an intimate association of the U.S. with Euratom: given the political flux on the continent, the disparity in political stability and economic strength between France and Germany and other factors about which you are all too familiar, strong institutional ties of the sort implicit in Euratom and the Common Market appear to us to be of infinitely greater importance today than in past years. In the critical and sensitive atomic energy field anything that could be done which puts that development within a regional as opposed to a national context is clearly of greater importance to the achievement of our broad objectives. In purely practical terms we feel that the Six nations cannot individually exploit successfully atomic energy to the extent that it can contribute significantly to the energy problems confronting Europe—a problem almost identical to that of the U.K. [6 lines of source text not declassified]

If Euratom is to realize its true potential with respect to European integration in general and the pooling of national atomic energy efforts in particular, it will be necessary for it to demonstrate conclusively and soon that it is an entity capable of deciding and carrying through a program of major importance in the nuclear energy field. The report of the

Three Wise Men¹ is obviously the background against which a decision of this sort needs to be taken, and Armand's idea at the present time is that of securing a Commission decision to undertake a major power demonstration program. If this decision is in fact taken, and if we are so requested, we envisage a close association of the U.S. with this program. The manner and details of such association are of course not worked out at present, but we have been giving a great deal of thought to this matter here, and I feel sure that the U.S. will be able to move without delay to meet whatever Euratom decision may be made.

In light of the foregoing our broad tactical approach is to lend every possible support to the efforts of the new Commission, but to do this in such a fashion as not to create the appearance of leading the Community or dictating to it. This means that in any choice between action bilaterally in the atomic energy field with the Six in contrast to dealing with the countries through Euratom we shall elect the latter course. This is going to be difficult because the atomic energy officials of the countries concerned understandably prefer the bilateral system and our efforts to work with and through the Commission are undoubtedly going to be a source of some friction. In due time and in keeping with the provisions of the Treaty we anticipate negotiations with the Six nations with the objective of transferring the rights and responsibilities of the existing bilaterals to the new Community. In line with our past confidential commitments to the countries concerned we anticipate an overall agreement with the Community of broader scope and perhaps with more liberal terms than is the case under existing bilateral agreements for cooperation.

As far as the OEEC nuclear energy program is concerned it would not appear that with Euratom in existence the relationship between the Six and the other members of the OEEC would be eased. In its simplest terms we have felt that the best relationship was one whereby the Six, in effect as a single atomic energy entity, would cooperate with the other members of the OEEC through the OEEC nuclear energy agency. It seems likely that the OEEC atomic energy activities may in the future turn more in the direction of those things that the OEEC can do best and concentrate to a lesser extent than has been the case in the past on such things as physical facilities which have tended to exacerbate the Six. We have not in the past felt it necessary to establish any preference as far as the Euratom and the OEEC were concerned, arguing that they were theoretically complementary; but, were we nonetheless forced to make a choice, it seems clear that our national interests would be best served by a strong Euratom.

¹ See footnote 3, Document 1.

One final point ought to be mentioned, and that is the matter of security control. The Department has not brought this issue to a head with the AEC, which in essence is whether we are to have an arrangement with Euratom similar to the agreements now in effect with Canada and the UK under which we accept their guarantees regarding the uses to which atomic energy materials are put, as opposed to the provisions under existing bilaterals whereby the U.S. obtains rights to inspect and verify these guarantees. In this situation the basic motivations of the Six in developing the Euratom concept are highly relevant, namely their fundamental interest in creating an atomic energy complex comparable to that of the U.S. and the Soviet Union. The Euratom countries have left little doubt about their desires for arrangements similar to those in effect between the U.S. and the U.K. We shall shortly have to face the problem within this Government as to whether we should insist on retention of rights as set forth in Article XII of the Agency Statute² and in the existing bilateral agreements, or whether a more liberal arrangement is not only inevitable but desirable. Meanwhile, of course, this is a subject which should not be discussed with the British.

Obviously the foregoing is for your background information and that of other officers in the Embassy working on these problems. We would not expect that the British could be persuaded to come around to our positions on these matters and we certainly would not envisage any effort on your part to persuade them. I hope the preceding analysis will be useful, however, in giving enough of our thinking on these interrelated subjects so that in discussions with the British the Embassy can reflect the Department's point of view.³

With all best wishes,

Yours sincerely,

Frederick Jandrey⁴

²For text of the Statute of the International Atomic Energy Agency, signed at the United Nations on October 26, 1956, and ratified by President Eisenhower on July 29, 1957, see 8 UST 1093. Article XII dealt with the question of safeguards.

³In his reply of March 18, Barbour raised several questions about the points which Jandrey had made and noted that the views expressed by Jandrey "will be particularly useful to the Embassy in discussing these matters with the British, although I doubt very much that our comments will materially affect the essentially pragmatic British attitude toward Euratom, which limits the cooperation they can extend to the six members acting as a group or as individual states to that aid and collaboration which can be assigned from the limited amount available for all international programs." (Department of State, EUR/RPE Files: Lot 70 D 315, External Relations)

⁴Printed from a copy that bears this typed signature.

8. Circular Instruction From the Department of State to Certain Diplomatic Missions

February 13, 1958.

CA-7021. Paris pass Embassy. Polto 2193.¹

1. Our understanding present situation in negotiations is that despite agreement on certain (mostly minor) issues and clarification of others, work of CIG since October meeting has not made substantial progress towards fundamental agreement on nature and scope of proposed Free Trade area. Principal reasons are British and French positions:

a) British Govt anxious obtain agreement on FTA but has not moved substantially from initial conception of FTA limited in essence to trade and closely related questions, and not involving any commitments (e.g. on Agriculture) which would substantially affect economic relations with Commonwealth.

b) Despite conciliatory statements majority of French have not really made up minds that any FTA at all is desirable. Basic reasons are 1) economic interests feel they have in Common Market bitten off as much competition as they can chew; 2) same interests feel that FTA falling much short of Common Market-type economic union does not present sufficient additional advantages to make up for economic disadvantages; and 3) FTA has no positive and overriding political objective and hence lacks essential feature which permitted French National Assembly accept Common Market Treaty despite economic reservations.

c) Other OEEC countries, both within and outside Common Market, appear fundamentally in favor some form of FTA; while they favor in varying degrees British or French conceptions they would probably be prepared make substantial compromises in order reach agreement.

2. In this situation seems clear there is little chance of early agreement on Treaty for FTA. Some danger that as recognition this situation

Source: Department of State, Central Files, 440.002/2-1358. Confidential. Drafted by Cleveland and cleared with EUR, EUR/RA, E, W, and EUR/BN. Sent to Luxembourg and Paris and repeated to London, Brussels, Bonn, Rome, The Hague, Copenhagen, Reykjavik, Oslo, Lisbon, Athens, Ankara, Dublin, Stockholm, Bern, Vienna, and Ottawa.

¹ In Polto 2193, January 24, Burgess reported that some of the representatives on the CIG were becoming pessimistic about the negotiations for a Free Trade Area and believed the United States should more actively intervene in the negotiations. Burgess suggested that a "somewhat more active mediating role on certain occasions might be of considerable importance" and requested guidance from the Department of State. (*Ibid.*, 440.002/1-2458)

The CIG was an Inter-Governmental Committee on the Establishment of a European Free Trade Area set up by the OEEC Council on October 17, 1957. For the Council's resolution of October 17 creating the CIG and for the agenda submitted to the Council on October 30 by the Chairman of the CIG, Reginald Maudling of the United Kingdom, see *Negotiations for a European Free Trade Area*, pp. 48–59.

grows, both sides may become impatient and negotiations could be broken off. British might be tempted to seek alternative (probably illusory) arrangements with Commonwealth, and possibly with Scandinavian countries, and Six to attempt reach bilateral deal with British on more restrictive basis than would be likely in multilateral FTA. We do not see these as necessarily immediate dangers but as contingencies to be avoided.

3. US objectives in connection FTA remain as stated in position paper for October Meeting summarized Topol 1019 Oct 10:² a) to avoid delay in implementing Common Market Treaty; b) to promote creation multilateral framework for association of EEC with UK and other OEEC members which would be consistent with continuing objective expansion world-wide multilateral trade; c) to protect important US commercial policy interests in connection with development of FTA Treaty. We also concerned that breakdown of negotiations and scramble for more restrictive solutions could be harmful at time when entire US commercial policy under review by Congress in connection renewal TA program.

4. In present circumstances, our immediate objectives are a) to prevent negotiations from breaking down and to insure that discussions continue even if for present no substantial progress can be made on major issues; b) to do what we can to help create conditions for working out basic area agreement between British and Six on nature and scope of FTA which could make fruitful negotiations possible; this must be done, however, in manner which does not compromise essentially European nature of negotiations. Consistent with above objectives, we may of course wish as appropriate make clear informally to parties concerned our views on particular questions.

5. Believe key to French position lies in common action of Six, as others will tend mitigate extreme French positions. Such common action most likely be fruitful and constructive if based on preparation by Common Market Commission of a Six-country position which takes fully into account long-term interests of Common Market Area as a whole and is sufficiently flexible to permit effective negotiations. Encouraged to hear from Marjolin that Common Market Commission has already established group under Rey to study development such a position. Would assume that in order to be fruitful this process of developing Six-country position will have to proceed in light of or perhaps in conjunction with conversations between Commission and UK designed seek basis understanding on fundamental principles of proposed Free Trade Area. Only when such fundamental agreement has been reached does it

² *Foreign Relations*, 1955-1957, vol. IV, p. 564.

seem probable that Paris negotiations can make much progress. Therefore principal US objective should be prevent negotiations from breaking down, and encourage UK and Six countries, latter acting as unit and under leadership Commission, to get together on fundamentals.

6. Above is for guidance and comment addressee posts. Specific guidance for action posts:

a) USRO's primary goal consistent foregoing should be use good offices keep negotiations from breaking down. In this connection could be highly useful on unofficial basis and outside formal meetings to offer suggestions and compromises in effort bring parties together in manner consistent objectives stated para 3. Appearance of "taking sides" should, of course, be carefully avoided. Should also keep in mind that fundamental issues of nature and scope unlikely be resolved in meetings of seventeen in Paris but will depend on development common position of Six in conjunction conversations with British.

b) Butterworth should discreetly encourage Common Market Commission pursue attempt develop constructive common Six-country position as suggested para 5 above and discourage submission of negative French paper at March CIG session.³

Herter

³The addressee posts all expressed general agreement with the substance of CA-7021, although Butterworth, in Colux 157 from Luxembourg, February 25, expressed certain reservations about the tactics and objectives outlined in the circular instruction and stated his particular concern that the United States, in pursuing its primary objective of preventing a breakdown of the FTA negotiations, might obscure the various qualifications and assumptions on which U.S. policy rested. (Department of State, Central Files, 440.002/2-2558) Other responses from the addressee posts are *ibid.*, 440.002.

9. Telegram From the Embassy in France to the Department of State

Paris, February 18, 1958, 7 p.m.

3847. For Secretary and Chairman Strauss from Butterworth. On basis instructions Deptel 2886 February 10,¹ which cited Presidential approval of January 28 joint Department-AEC proposals for United States-EURATOM program, we have met today with new European Atomic Energy Community (EURATOM) commission assembled yesterday and today for first time with full membership. In preparation for today's meeting, I had private talk yesterday with President Armand.

Discussions today went exceedingly well. In view favorable atmosphere and fact commission dispersing end of day, decided advisable take advantage this situation to press ahead with United States ideas.

Results of our discussions amounted to approval in principle by EURATOM commission to embark upon one million KW nuclear power prototype program and to this end establish joint United States-EURATOM working party to examine in detail nature and means of implementation of such program. Working party will thus prepare ad referendum for visit Armand to United States in April so that his visit Washington can be occasion, if all goes well, to approve along with United States officials program to be developed during March by United States-EURATOM experts.

Consensus of EURATOM commission was such that it became opportune to develop communiqué (text in immediately following telegram)² which was in main jointly drafted. After minor changes draft communiqué accepted by full commission with caveat that it would need to be presented to Council of Ministers on February 25. Therefore, while interval would permit United States suggest changes I strongly urge that text be accepted by United States as set forth, particularly as it is inferential commitment on part EURATOM to undertake kind of program we hoped they would endorse.

Source: Department of State, Central Files, 840.1901/2-1858. Confidential. Repeated to Luxembourg.

¹ In telegram 2886 to Paris, the Department informed the Embassy and USRO of the President's approval of the joint State-AEC memorandum of January 28 (Document 3) and noted that every effort should be made during a forthcoming visit by Schaetzel and Vander Weyden to Europe to develop a statement of EURATOM program objectives and an estimate of the prospect of U.S.-EURATOM cooperative efforts for use in upcoming Congressional hearings. The Department noted that it was important to give Congress a sense of "European activity" and some idea of the "specifics and potentialities" of U.S.-EURATOM cooperation. (Department of State, Central Files, 840.1901/2-1058)

² Telegram 3848 from Luxembourg, February 18. (*Ibid.*, 840.1901/2-1858)

Due consultative procedure with Council of Ministers foregoing should be held in confidence until after February 25 with release communiqué coordinated with EURATOM commission. Discussion embodied in communiqué assume issuance receipt formal invitation Armand to visit Washington prior release communiqué.³

Vander Weyden and Schaetzel returning over week-end, prepared give full report proceedings. I wish to take this opportunity to say that they were indispensably helpful and deserved the greatest credit in the achievement of the results thus far obtained.

I assume Department will repeat in whole or in part to other community countries as desired.

Houghton

³ On February 28, the EURATOM Commission issued a communiqué stating that Commission President Armand had accepted Secretary Dulles' February 24 invitation to visit the United States and that it had been agreed to establish a joint U.S.-EURATOM working group to prepare for this visit. For text of the communiqué, as well as Dulles' letter of February 24 to Armand, see Department of State *Bulletin*, March 17, 1958, pp. 425-426.

Also on February 28, the White House announced the appointment of W. Walton Butterworth as Representative to the European Economic Community and to the European Atomic Energy Community. The announcement said that, since Butterworth would continue to serve as Representative to the European Coal and Steel Community, he would head a combined mission to provide representation to the three European Communities. For text of the White House announcement, see *ibid.*, pp. 445-446.

10. Telegram From the Embassy in Finland to the Department of State

Helsinki, March 6, 1958, 4 p.m.

537. Prime Minister¹ informs me in substance as follows: "If OEEC finds Finland satisfactory for membership, we will join. It will take a little time to work out details. Some Finnish officials are hesitant because of local Communist press criticism, but we have had no adverse comments from Soviet Government or Soviet press, and they must have known about this for months. In any event I intend to continue to press for early and favorable action."

Hickerson

Source: Department of State, Central Files, 840.00/3-658. Confidential. Repeated to Moscow and Paris.

¹ Urho Kekkonen.

11. Telegram From the Department of State to the Embassy in Germany

March 13, 1958, 12:48 p.m.

2359. Luxembourg pass Butterworth for info. Paris pass USRO for info. Fol info on possible U.S.-EURATOM power program may be made available your discretion appropriate officials govt to which you accredited:

Recently-established EURATOM Commission has requested U.S. cooperation in undertaking soonest nuclear power program on order one million KW for development full scale prototype reactors. Decision undertake program is natural outgrowth thinking in *A Target for EURATOM*¹ and is initial step toward solving problem meeting portion Europe's energy deficit with nuclear power as set forth that report. Details require further working out, but program of one million KW magnitude would probably require four to six large reactors. It is hoped construction could be started 1958 or 1959 latest, with completion date 1962 or 1963. Such immediate joint program would be restricted to most advanced U.S. types, specifically pressurized water reactor (PWR) and boiling water reactor (BWR).

U.S. has agreed EURATOM proposal set up joint working party to examine ways in which cooperative program can be carried out. Working party will convene Luxembourg March 20 for two weeks.² Results will be submitted U.S. Govt and EURATOM Commission for review and approval. EURATOM President Armand's official visit Washington, pursuant invitation extended Feb 24 by Secretary and Admiral Strauss of AEC, has been postponed from April 8-9 to later date due schedule working party and state Armand's health.

We are most encouraged by decision EURATOM Commission and prospect major joint program. Latter will not only speed nuclear power development but active association U.S. and EURATOM this new field also bound have profound political significance.

Herter

Source: Department of State, Central Files, 840.1901/3-1558. Confidential. Drafted by George, cleared with Cleveland and with Schaetzel and Vander Weyden in draft, and signed for Herter by Black. Also sent to Brussels, The Hague, Luxembourg, Paris, Rome, London, and Ottawa.

¹ See footnote 3, Document 1.

² On March 19, the Department of State announced the composition of the U.S. Working Party, which was to be headed by Butterworth and include nine representatives from the Atomic Energy Commission and five from the Department of State. The European group was to be headed by Max Kohnstamm, Special Assistant to EURATOM President Armand. For text of the announcement, see Department of State *Bulletin*, April 7, 1958, pp. 583-584.

12. Circular Instruction From the Department of State to Certain Diplomatic Missions

March 20, 1958.

CA-8151. A. CA-7021 and replies thereto.¹ B. Cirinstr CA-8152. C. Cirinstr CA-8153.²

This is first of three messages on Free Trade Area and contains re-statement overall US position in light Mission comments CA-7021. Second message (Ref B) deals with French proposals. Third message (Ref C) pertains certain other FTA issues with emphasis on problem of treatment to be accorded imported raw materials and components.

After study helpful Mission responses Dept considers US position re FTA negotiations (an underlying rationale on which position based) still generally valid. Purpose this message is to summarize for guidance all addressees and action as appropriate: (I) Continuing US position and objectives; (II) our assessment present negotiating situation and outlook; and (III) immediate US objectives in relation present situation and outlook.

I. Continuing US position and objectives are:

A. US attaches major importance to achieving viable, multilateral trading system for associating European Economic Community (as a unit) and other OEEC Member Countries.

B. US has therefore supported and continues support negotiation of Free Trade Area arrangements which mutually acceptable Europeans and which would (1) promote achievement system multilateral trade and payments convertibility; (2) lead to equitable solution agricultural, institutional and other specific issues in manner consistent GATT objectives which will assure stable, workable FTA while protecting commercial interests outside nations; (3) embrace on equitable basis Greece, Turkey and other less-developed OEEC countries while providing for assumption progressively of FTA membership obligations by LDC's.

C. Initiative in reconciling major differences and working out agreed plan should as general rule come from Europeans. US is however prepared make general position known and use good offices in fur-

Source: Department of State, Central Files, 440.002/3-2058. Confidential. Drafted by Cleveland and Myerson on March 14, cleared with Jandrey and nine other officers in the Department of State, and signed by Dillon for Dulles. Sent to Ankara, Athens, Bern, Bonn, Brussels, Copenhagen, Dublin, The Hague, Lisbon, Luxembourg for Butterworth and the Embassy, Oslo, Ottawa, Reykjavik, Paris for USRO and the Embassy, Rome, Stockholm, and Vienna.

¹ See Document 8 and footnote 3 thereto.

² Neither of these circular instructions, both dated March 20, is printed. (Department of State, Central Files, 440.002/3-2058)

therance basic objectives. US will also make views known specific issues as necessary in light those objectives.

D. US remains firmly committed to success EEC and other six-nation Communities. Especially wishes assure, insofar as outside country can, that progress on FTA does not: (1) delay progress implementing EEC Treaty or (2) compromise integrity common institutions of Six which we hope will provide dynamic for further development European political federation. (At same time do not see any necessary reason why broader association envisaged FTA should water down cohesiveness of Six. This view predicated on assumption that Six (especially French) are or can be persuaded of necessity wider European associations and non-Six (especially UK) realize that Rome Treaties³ represent firm commitments which offer major opportunities rather than primarily commercial risks.)

E. Foregoing position based on view that successful outcome FTA negotiations or some appropriate substitute arrangements (including EEC as unit) of major importance in assuring broad European unity for long term, and extending on wider basis economic advantages expected from Common Market. Hence US attitude FTA consistent long-standing US policies toward Europe. Conversely ultimate breakdown of negotiations could lead to situation adversely affecting European cohesiveness and (through impact on NATO) US strategic objectives. (With specific reference LDC's US has strong interest in seeing that FTA is drawn so as encourage participation all European NATO countries and other OEEC countries.) Moreover, as explained CA-7021, failure efforts find multilateral solution would seem inevitably generate strong pressures for limited restrictive arrangements between Six and non-Six, contrary US aims of freer multilateral trade and also contrary long-term politico-economic interests of Europeans themselves and success of EEC. Such failure could also weaken UK economically and adversely affect confidence in sterling.

F. Essential that above objectives (admittedly most difficult accomplish) be furthered in balanced manner, and that tactics and timing be sufficiently flexible adapt position to specifics of situation as it develops.

II. Mission comments appear substantially confirm analysis present situation contained paras one and two CA-7021. Subject further developments and advice from field, major considerations appear to be:

A. Fundamental issues in negotiations (e.g., trade deflection, harmonization of policies and agriculture) almost all appear reflect ba-

³ These treaties and protocols, signed on March 25, 1957, established the European Economic Community.

sic problem to be solved: how to mesh EEC (which is customs union plus long step toward full economic union) with geographically wider arrangements of more limited scope as currently conceived. Under any circumstance solutions these fundamental issues difficult and complex, but more so at present because UK and Six (in particular French) have not found common ground on means accomplishing objective associating Six and non-Six. Rather divergence has been so marked that there has been question whether there is basic objective accepted by all parties.

B. In this situation, clear that resolution major outstanding issues requires both will to agree and common acceptance broad objectives. Naturally hope as much technical progress as possible will be made in advance basic reconciliation.

C. British, despite indications willingness compromise certain points, have not given indications they prepared move substantially from original proposal; i.e., industrial FTA which eliminates substantially all internal trade barriers while retaining for individual Member Countries almost complete freedom re domestic economic policies and external commercial policies.

D. French interests which oppose FTA for reasons summarized CA-7021 para one (b), have used overall UK position as rationale for French intransigence. Have also used UK position on agriculture in same sense. Fully recognize however genuine problems both French and UK face in negotiations.

E. Further, developments in other fields (NATO planning, force levels, etc.) have tended create frictions in UK/Continental political relationships which carry over to FTA negotiations.

F. Finally, while British, Scandinavians and Swiss anxious for quick solutions, many in EEC appear favor (or consider inevitable) taking more time. Latter view based on (1) general feeling atmosphere needs clearing; (2) hope that time will bring change in UK policy; (3) hope that time will provide chance for others of Six to work for moderation adamant French position; (4) chance that time will convince French business interests they can adjust successfully to both Common Market and FTA.

G. Foregoing leads to conclusion that, despite US hope for early progress toward sound FTA proposal which US can support, reconciliation fundamental divergences will require time. (Immediate US objectives section III below premised this evaluation OEEC negotiating outlook, but believe they sufficiently flexible be applicable in event unexpected change situation brings chance early agreement.)

H. Non-Six see "deadline" for achieving some kind of agreement in fact that initial Common Market tariff reductions scheduled Jan 1, 1959.

(UK has additional incentive for quick progress in Commonwealth Economic Conference in Sept.) This situation seems involve two-fold risk:

1. Breakdown of negotiations which could exacerbate split; make acceptable FTA much harder negotiate; and perhaps lead to series bilateral deals;

2. Attempt to avert such breakdown by agreeing on partial (and probably unacceptable) arrangements such as French proposals.

III. Given considerations Section II above, believe long-term objectives best furthered if US:

- A. Continues assert support for multilateral system to associate EEC and other OEEC countries on basis consistent principles explained para I, A and B above. Dept plans reiterate US views in public statements and informal conversations as occasions arise. Missions (including USRO and Butterworth) should make this viewpoint clear to Govts OEEC countries, pointing in particular to reiteration US position in McCarthy statement CIG last February (summarized Polto 2538 pouched all OEEC capitals).⁴

- B. Encourages informally continuation CIG negotiations, both as means avoiding breakdown with consequent risk adverse results outlined above and as means achieving any further possible progress technical issues.

- C. As far as possible guides CIG discussions into productive channels consistent US overall objectives. Seeks to mitigate unrealistically rigid positions on timing problem, lest failure reach agreement this year results in quasi-automatic termination negotiations.

- D. Encourages UK and Six to get together on fundamentals using channels and methods outlined CA-7021 para 5, recognizing however risks in pushing too hard for speedy solutions. In particular should deal with Six as a unit through Common Market Commission. If Missions receive suggestions US pressure French directly should explain that US believes such action neither appropriate nor promising, and that might even be counterproductive. (This not intended preclude Embassy Paris informally making US views known French.) Should at same time point out that US informally making general views known all OEEC Govts, including Six through Common Market institutions.

- E. Not endorse specifics any particular proposals this time. US will however make clear its views any proposals which clearly unacceptable.

Dulles

⁴In Polto 2538 from Paris, February 19, Burgess reported on the discussion at the CIG meetings of February 17-18. (*Ibid.*, 840.00/2-1958)

13. Telegram From the Embassy in Austria to the Department of State

Vienna, March 21, 1958, 7 p.m.

2666. Gruber informed Embassy officer that Chancellor¹ told Soviet Ambassador whom he had called in on another matter that Austrian Government is giving consideration to idea of joining the Common Market. Gruber said Soviet Ambassador's reaction was negative but "not too much so." Chancellor explained that he is not optimistic that the Free Trade Area will come into being, and if it does, it might be so watered down as to be ineffective. The Soviet Ambassador told Chancellor that if he joins the Common Market "those people will have him by the throat."

Matthews

Source: Department of State, Central Files, 440.002/3–2158. Secret. Repeated to Moscow.

¹ Julius Raab.

14. Telegram From the Embassy in the United Kingdom to the Department of State

London, March 25, 1958, 7 p.m.

5650. Paris pass USRO; Luxembourg for Butterworth. Reference: CA–8151,¹ CA–8152, CA–8153.²

I. Embassy in general agreement with Department analysis of FTA negotiating position. However, following comments may be helpful.

A. While true British not prepared include agriculture in free trade some indications they prepared negotiate some sort of arrange-

Source: Department of State, Central Files, 440.002/3–2558. Confidential. Repeated to Paris, Luxembourg, Rome, Brussels, The Hague, Bern, Oslo, Stockholm, and Copenhagen.

¹ Document 12.

² See footnote 2, Document 12.

ment including perhaps contracts in order obtain European support. British believe, presumably based on fact that EEC itself fails to establish true Common Market in agriculture, that agriculture will not prove insuperable obstacle. British also seem prepared make some concessions concerning harmonization external and internal policies though have been vague as to meaning of former in absence common outside tariff.

B. Reference paragraph II-F first reference, while British still stress importance agreement this year, are placing less stress than formerly on July as deadline for agreement in substance. Key officials privately acknowledge January 1 not essential as effective date if agreement in substance reached before then. British also appear to be thinking of some special regime for the French involving either a postponement of French participation or temporary exemption of French from obligations under FTA. Department will presumably wish consider likely position in case these suggestions become more explicit.

C. British appear firmly opposed sector approach or any arrangement requiring later negotiation and unanimous agreement for continuation of FTA treatment individual items or sectors.

II. Reference paragraph III-D believe UK says will be happy to deal with 6 through Commission but unable to do so until Commission is in position speak for 6.

III. Reference second reference, Department summary French proposals omits reference to proposal, mentioned in all reports received here, of some form extension of Commonwealth preferences to 6. Assume Department would be as opposed to this as to sector approach unless preferential rates extended to all countries entitled MFN under GATT. British not explicit concerning their own attitude, but say Commonwealth would never agree extension preferences without quid pro quo.

IV. In light British informal suggestion US put pressure on French through Adenauer (see Embassy telegram 5622 March 24)³ Embassy will act on instruction in paragraph III-D first reference and will inform HMG of US position along lines part III paragraphs A, B, and D of first reference and substance of second and third references.

Whitney

³ In telegram 5622 from London, Whitney reported that such a suggestion had been made informally to an Embassy official by a mid-level British Treasury official. He recommended that no action be taken without a more authoritative approach. (Department of State, Central Files, 440.002/3-2458)

15. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, March 26, 1958, 8 p.m.

Polto 3020. Department pass Burgess,¹ Treasury and ICA. Luxembourg for Butterworth. Reference: CA-8151, March 20.² Subject: Free Trade Area.

1. Appreciate instructions reair, which provide immediate guidance for informal conversations during CIG meeting. In view of agenda, do not believe there will be any occasion or need for US representative make any formal statement at this meeting. USRO in general agreement reair. There are few points on which we wish comment.

2. We agree that at this stage there is little likelihood that FTA treaty can be negotiated and ratified by January 1, 1959. We believe, however, next few months represent crucial period for reaching agreement on basic issues, particularly in light forthcoming GATT session and September Commonwealth conference. Even if basic issues not resolved, we would not expect have dramatic breakdown of negotiations, as no country or group of countries would wish bear onus. Rather, we would fear fade-out with Ministers meeting less frequently or on call, while for some time technical committees would continue to work. Meanwhile, would be realistic expect eleven seek actively other solutions which we consider undesirable, such as reinforcing preferential character of Commonwealth, tying Scandinavia to sterling area, restrictive bilateral arrangements with EEC, damaging pressures by GATT on EEC. At same time, strains would be developing in OEEC, raising serious questions of discrimination, and threatening existence of such institutions as EPU.

3. We believe reair does not fully recognize extent to which British have moved from their original concept of FTA. This appears to us to parallel slight underestimate in CA-7021³ of degree progress achieved in CIG. In reviewing issues which have been negotiated in CIG, we are impressed by extent to which eleven have been prepared adopt specific provisions of Rome treaty. Most notable examples of issues where original wide disagreement has been substantially narrowed are: Harmoni-

Source: Department of State, Central Files, 440.002/3-2658. Confidential. Transmitted in two sections. Repeated to Luxembourg and London and pouched to the other OEEC capitals.

¹ Burgess was in Washington for consultations.

² Document 12.

³ Document 8.

zation of labor costs (along lines French protocol Rome treaty), institutions (particularly usual majority voting procedures), invisibles and capital movements, and special treatment for LDCs. In addition, UK has proposed that treaty should include specific obligations in member countries for harmonization domestic economic policies. Interesting note that British now closer to Rome treaty provisions on voting than French.

4. Progress on harmonization of external commercial policies is related to solution of origin problems, which is one of major outstanding issues. Here Carli plan raised some hope re possibilities finding basis for compromise. Expect his plan will be subject at least considerable informal discussions next CIG session. Would therefore appreciate preliminary Department reaction though realize absence details precludes firm position.

5. Despite progress on numerous issues, we agree, of course, that basic issue of nature of proposed free trade area, extremes of which primarily exemplified by British and French positions, remains unresolved. On agriculture, British have not budged from initial position although new paper expected at next CIG meeting. It is possible Maudling attempted invite strong opposition from negotiating partners to provide him with ammunition for use in UK to battle against strong agricultural interests. Also possible that announcement French FTA paper contributed to delay in presenting new UK agricultural paper in order to retain concessions on agriculture as bargaining weapon. In addition, there are several relatively minor issues, such as revenue duties and state aids, where British have been unnecessarily sticky and where timely concessions on their part would have helped improve atmosphere CIG meetings.

6. We generally agree with Department analysis French position paragraphs I-D, CA-8151, and I (B), CA-7021. Believe overriding reason for French government's opposition to FTA is real conviction that FTA treaty could not get through Parliament within near future, although, as noted paragraph 3, Polto 2871,⁴ several political figures have now apparently switched to support FTA. Further comments on French position after review French plan.

⁴ In Polto 2871 from Paris, March 14, Burgess reported that the head of the French Delegation to the OEEC, Valery, had called on McCarthy and his staff to present a summary of the French paper as well as his personal views regarding the outlook for FTA. In paragraph 3 of the telegram, Burgess stated that, according to Valery, Faure and Gaillard had switched from opposing to supporting the FTA. (Department of State, Central Files, 440.002/3-1458)

7. In summary, events in western Europe are moving at too fast a pace and complications of delay are too great to admit of waiting for passage of time to solve some of obstacles. However, clear assurance that acceptable treaty can be ratified before end 1959 would probably satisfy eleven despite slight discrimination resulting from one year lag between Rome and FTA treaties. As to period for negotiations following agreement on basic principles, it is rather generally accepted that actual drafting might not be long drawn out because of vast amount basic technical work completed or well under way and wide area of agreement reached on many issues for which Rome treaty has more frequently than not served as model.

8. In light above, we consider time may be rapidly approaching when US should play more active role. Assume missions in talking with their respective counterparts in OEEC capitals would be free to use full US position in refair rather than just reiterate well-known position in paragraphs 1-A and B. We would think it unfortunate if they did not also indicate sense of I-C, to make known our willingness to "use good offices" if need arises. The idea persists among eleven that whereas we gave useful active support in case of EEC, we have been willing to date only to support passively FTA. We endorse importance of emphasis on approach to six through common market institutions, whose influence must be strengthened.

Nolting

16. Circular Telegram From the Department of State to Certain Diplomatic Missions

March 28, 1958, 7:07 p.m.

911. A. CA-8151.¹ B. Polto 3020 rptd or pouched other addressees;² The Hague's 1864,³ London's 5650,⁴ Brussels 1316⁵ and Copenhagen's 728.⁶ Luxembourg for Butterworth and Embassy. Paris for USRO and Embassy.

1. In carrying out instruction ref A (or if necessary in follow-up contacts) addressee Missions should take care dispel firmly any lingering doubts re US attitude warm support FTA negotiations. This connection Dept wishes make clear that addressees authorized their discretion draw on entire section I ref A in informal contacts. (Naturally presentation should be adapted omit reference "US strategic objectives" para I E, reference to effect on sterling, or any other points obviously inappropriate for such use.)

2. Re timing problem should leave no doubt US favors fastest possible progress consistent overriding objective achieving final agreement on arrangements which in line principles summarized ref A (and other messages same series) and which can be defended before US public opinion and in GATT. FYI. Continue believe necessary guard against premature pressures which could for example result in early agreement at excessive cost in terms undesirable commercial policy features FTA. End FYI.

Dulles

Source: Department of State, Central Files, 440.002/2-2858. Confidential. Drafted by Myerson; cleared in EUR/BN, EUR/RA, EUR/WE, E/OT, E/TAD, and W; and signed for Dulles by Timmons. Sent to Bern, Bonn, Brussels, Copenhagen, The Hague, London, Luxembourg, Oslo, Rome, Paris, Stockholm, and Vienna and pouched to Ankara, Athens, Dublin, Lisbon, Ottawa, and Reykjavik.

¹ Document 12.

² Document 15.

³ In telegram 1864 from The Hague, March 27, the Embassy reported that the approach on FTA had been made to Dutch Foreign Office officials, who had expressed the view that U.S. intervention, if undertaken, should be directed toward the Germans, and specifically toward Adenauer, von Brentano, and Hallstein. (Department of State, Central Files, 440.002/3-2758)

⁴ Document 14.

⁵ In telegram 1316 from Brussels, March 27, the Embassy reported on the approach made to the Belgian Government with regard to the FTA. (Department of State, Central Files, 440.002/3-2758)

⁶ In telegram 728 from Copenhagen, March 27, the Embassy reported that it had made the requested approach to the Danish Foreign Office, which had expressed its belief that the United States was really not enthusiastic about FTA. (*Ibid.*)

17. Memorandum of Conversation

March 29, 1958.

SUBJECT

European Integration

PARTICIPANTS

Robert Schuman, Former French Prime Minister and MRP Deputy
M. Herve Alphand, French Ambassador

The Secretary
Mr. Matthew Looram, WE

The Secretary asked how negotiations were proceeding between the continental European powers and the U.K. with regard to the Free Trade Area. M. Schuman replied that this was a very difficult issue. The French Secretary of State for Foreign Affairs, Maurice Faure, was having serious problems in this connection and had asked his (Schuman's) assistance in the matter. As a result, M. Schuman stated, he had recently made a trip to England to discuss the issue with the British Government. He had told the British at that time that it was important they do nothing to interfere with the progress being made toward political integration of Western Europe, which had been greatly enhanced by the Common Market Treaty. Schuman was, nevertheless, convinced that it was equally necessary to reach some form of agreement with the British. "We are condemned to live together," he said. The United Kingdom needed the Western European markets, and on the other hand, any U.K. reprisals would have grave effects on the Western European economy. M. Schuman added that the French Government was having talks with the German Government with a view to seeking a compromise formula. The Secretary mentioned in this connection that he had seen Erhard a few days ago.¹ Schuman said Erhard, by temperament a liberal in economic matters, was considerably more disposed toward the Free Trade Area than to the narrower framework of the Common Market. This was another reason, he said, why an agreement must be reached with the United Kingdom and also with Scandinavia and Switzerland, as "we cannot be sure of our partners." The Secretary stated that the whole matter was, also, of great interest to the United States, given the extensive

Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Confidential. Drafted by Looram.

¹ German Economic Minister Ludwig Erhard was in Washington March 24-26 for conversations with officials of the Departments of State and the Treasury.

American trade with Europe. It was our understanding, he said, that the Common Market would not be protectionist or incorporate discriminatory measures against United States trade. "It must not be," Schuman replied.

In concluding, the Secretary said he wished to congratulate Schuman on his recent election as President of the Council of Europe. Schuman thanked him and said it had given him much personal pleasure. The election had been unanimous and Schuman had not even been a candidate. Asked about the future site for the European institutions, Schuman said this had not yet been chosen. He thought that it would be preferable to have a small place, something similar to the District of Columbia located possibly between Strasbourg and Kehl, rather than a large city like Paris or Brussels. The Secretary said that in any case, Schuman should be proud to witness the realization of all his efforts. He was the "father" of European integration. "Possibly grandfather", Schuman chuckled, but the important thing was, he added, that the concept of European integration was gaining among the youth in France.

18. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, April 3, 1958, 5 p.m.

Polto 3117. Department pass ICA and Treasury. Subject: OEEC heads of delegations April 1, 1958—possibility Yugoslav application membership OEEC agricultural bodies.

Chairman Ellis-Rees (United Kingdom) stated that at end last week Yugoslav delegate informed him his government had decided apply for

full membership OEEC agricultural bodies, describing proposed membership as similar to what Spain's had been. Stating he felt working party 15 should study and report on matter soon, Ellis-Rees said circumstances not same as Spain's as latter was member Green pool. He urged Hommel (Luxembourg), chairman WP 15, to report by end of month and obtain aide-mémoire from Yugoslav delegate. Ellis-Rees, in answer to Danish representative, who stated his government would be very favorable to such request and inquired as to its motives, said Yugoslav delegate had explained his country's desire develop cooperation with OEEC countries in agriculture, a sector they regard as particularly important.

Ockrent (Belgium) stated he had precise instructions his government to oppose Yugoslav request on grounds it would create dangerous precedent of non-member countries requesting participation in particular activities of organization of their special choice. Apparently ignoring that question was limited to membership in agricultural bodies, he said full membership organization entailed assumption all obligations thereof and cited example of Finland's proper understanding of this. However, he seemed to limit Belgian opposition to this aspect alone, and to not oppose Yugoslav membership as such. He agreed with Ellis-Rees that Spain did not constitute precedent.

Valery (France) stated that, although without formal instructions, he could say such request would not be welcomed by his government. He too agreed with Ellis-Rees and Ockrent that Spanish case not an appropriate precedent. While hinting "political reasons" or others might later counsel different attitude, he avowed he was not aware any such reasons now and that a priori felt no enthusiasm over request.

Norwegian representative, while suggesting "wait and see" attitude and postponement discussion of question, supported further statement by Danish representative to effect that bringing Yugoslavia into OEEC might exert healthy influence on Yugoslav economic and other policies. In this regard, Danish representative stated that such an argument had often been reiterated re Spanish association with OEEC.

In answer to question of Swedish representative as to whether Yugoslav Government would bring matter up in different capitals, Ellis-Rees stated Yugoslav Ambassador did not express such intention and seemed perfectly satisfied to alert chairman WP 15, Secretary General and Chairman of Council.

As matter will probably come up after Easter recess (possibly April 18), USRO requests instructions.¹

Nolting

¹ In telegram 1381 from Belgrade, April 10, Ambassador Rankin recommended support for Yugoslavia's application for membership in OEEC agricultural bodies, if submitted. (*Ibid.*, 840.00/4-1058)

In Topol 3680 to Paris, April 16, the Department of State commented as follows:

"1. United States policy in Yugoslavia continues directed toward strengthening Yugoslav ties with West wherever feasible. This policy reflected in US support past Yugoslav efforts associate more closely with OEEC (e.g., Yugoslav participation EPU). Yugoslav membership agricultural bodies OEEC appears further step this direction.

"2. Department agrees membership agricultural bodies might have desirable influence on Yugoslav policies, not only in agricultural field, but also to some extent in broader areas of economic policy. It assumes Yugoslavs would be required accept full obligations membership such bodies, so that participation could exert maximum influence this regard.

"3. In view above factors, USRO should, as appropriate and as consistent US status OEEC, indicate US support Yugoslav membership agricultural bodies and initiation early WP15 study and report." (*Ibid.*, 840.00/4-358)

19. Telegram From the Mission at the European Coal and Steel Community to the Department of State

Luxembourg, April 4, 1958, noon.

Colux 202. For Department and AEC. US-Euratom joint Working Party finished its work yesterday afternoon with initialing of memorandum of understanding for purpose of text verification.¹ Joint report of Working Party hand-carried by Cook and Schaetzel transmits all documents for consideration. Following observations have been discussed with Cook, but due departure schedule, he was unable to see this message.

Atmosphere meeting excellent throughout with closest working relationships having developed between US and Euratom officers. This spirit carried over to informal conversations we had April 2 with

Source: Department of State, Central Files, 840.1901/4-458. Confidential; Priority.

¹ Copies of the draft memorandum of understanding and other supporting papers produced during the work of the U.S.-EURATOM Working Party in Luxembourg, March 20-April 3, were sent to the Department of State as attachments to Colux D-176, April 14. (*Ibid.*, 840.1901/4-1458)

Euratom commission which met here for briefing by Kohnstamm and his staff. I believe that firm foundation has thus been laid over last two arduous weeks by delegation from Washington for fruitful future working relationships between US and Euratom.

Remarkable amount of work was accomplished by Working Party. In addition to useful documentation, process by which this documentation was developed means that US and Euratom now have core of personnel with common knowledge problems and issues proposed joint program. I feel that one particularly significant achievement of meeting was development of formula for incentives and guarantees, despite fact that important questions remain re actual figures to be put in formula.

Representatives of AEC and State, in my view deserve highest praise for their outstanding competence and their devoted effort which won the admiration and respect of all concerned. Cook's contribution was immeasurable.

Euratom commission reviewed joint Working Party documentation line by line. While commission in February, under Armand's leadership, had approved in principle joint program, it was not until April 2 meeting that I had opportunity to consider on orderly and intensive basis implications of joint program and how program might be mounted. Kohnstamm states commission now not only understands program but can be considered as active protagonist. Commissioners as well as Kohnstamm reiterated opinion joint program must succeed.

I believe success of this effort, besides tangible advantages in realm of atomic energy, would greatly strengthen Euratom, provide impetus at important time to Euratom integration, and contribute significantly to American relations with European Community. On other hand, it would be irreparable blow to Euratom if US and Euratom, after having started joint effort, were not now to develop joint program and carry it quickly forward.

Butterworth

20. Letter From Director General of the International Atomic Energy Commission Cole to President Eisenhower

Vienna, May 15, 1958.

DEAR MR. PRESIDENT: Because of my status as an international servant, it is with some hesitancy that I write you directly in this fashion rather than through the Secretary of State.

The part you played in the creation of this Agency and your deep personal interest in its success, I feel, justifies writing you in this direct manner, irrespective of protocol, because of the importance of a matter currently under consideration by American authorities and soon for your decision.

In the proposed Agreement for Co-operation between the United States and the EURATOM countries, it is planned that the "safeguard" aspects of the projects will be done by the EURATOM countries based on the principle of "self-inspection." Such a step, I think, would have serious consequences on the effectiveness of the Agency and strongly urge that the safeguards or accountability aspects of EURATOM be assigned to the Agency.

This would have the following advantages:

1. Disprove conclusively the suspicion now entertained by many Eastern countries that EURATOM is for other than for peaceful purposes;
2. Demonstrate to all countries—large and small—that the major powers do not fear international control and inspection, and thereby set an example for other countries;
3. Eliminate the future embarrassment to the United States of denying the right of self-inspection to other similar regional groups;
4. Prevent the possible development of a fourth atomic power (European Community) of even greater strength than any other single power;
5. Effectuate a major step toward the goal of IAEA in eventual ownership and control of all fissionable material in the world;
6. Effectuate a major step toward the goal of IAEA to insure that all nuclear material in the world be devoted exclusively to peaceful uses; and
7. Confirm the declared position of the United States with respect to the need for international action to exploit atoms for peace.

I have already written to Admiral Strauss¹ expressing my great concern and I have the greatest confidence in the soundness of his judg-

Source: Eisenhower Library, White House Central Files. Personal and Confidential.

¹ See the source note, Document 22.

ment. I write to you in this fashion only to demonstrate how strongly I feel that this matter should be resolved without harm to the Agency's future.

Otherwise, the Agency like any newborn creature is growing slowly, but I think soundly, and I am confident that the years to come will mould it as your greatest monument. I am happy and proud to be one of the many masons in this work.²

With personal greetings.

Sincerely yours,

Stub Cole

² In a May 22 letter to Cole, President Eisenhower acknowledged receipt of Cole's letter and wrote: "I shall have inquiries made concerning the points you raise and either I, or one of my staff members, will be in touch with you as soon as possible concerning the whole matter." (Eisenhower Library, White House Central Files)

21. Paper Prepared in the Office of Western European Affairs

May 21, 1958.

WESTERN EUROPEAN AMBASSADORS' CONFERENCE, PARIS,
MAY 9–13, 1958¹

Highlights and Conclusions

I. *Remarks by the Secretary*

The Secretary characterized the Copenhagen NATO Meeting² as a demonstration of steady and unspectacular progress in the historically

Source: Department of State, Central Files, 120.1451/5–2258. Secret. Drafted by Torbert and transmitted to Secretary Dulles under cover of a brief memorandum of May 22 from Elbrick.

¹ A copy of the agenda for the meeting, a paper on procedures and administrative matters, and a variety of background papers for the meeting are *ibid.* Detailed summary records of the discussion of each of the agenda items, as well as a summary account of the presentation by the USIA representative at the conference, were transmitted to the Department of State as enclosures to despatch 2008 from Paris, May 20. (*Ibid.*, 396.1–PA/5–2058) A 22-page transcript of Secretary Dulles' remarks at the opening session of the conference on May 9, including the discussion that followed, is *ibid.*, Secretary's Memoranda of Conversation: Lot 64 D 199.

² See Documents 136 ff.

difficult task of operating a peacetime alliance. This is aided by developing process of political consultation in which our relations with the U.K. have a special closeness which can be reflected by Ambassadors in the field. Differences of view did develop on Icelandic fishing rights and on disarmament possibilities. With regard to a possible Summit Conference the preponderant U.S. view is against having one largely on constitutional grounds. There seems a rather remote chance of achieving meaningful agreements at the Summit while there is danger that in the process of getting there we will be forced into important technical concessions such as in the matter of "parity" of representation. On the Soviet attitude generally, there are some signs that their effort to be agreeable for propaganda purposes may eventually become a habit just as they seem to have partially renounced violence as an instrument of policy. This does not assume immediate and complete reform into a state of innocuousness. Khrushchev is more unpredictable than his predecessors. On substantive issues: we are rethinking the possibility of a nuclear test suspension following the present test series; as a practical matter nuclear disarmament will probably have to be considered separately from conventional disarmament in view of the complexity of the latter and the importance of making progress even in limited areas if possible; we will support any policy which will retain Africa as a hinterland of Europe; we hope to find ways of curbing the purely expansionist tendencies of nationalists such as Nasser or Sukarno. On control of outer space we are finding many technical difficulties to be overcome in reaching a meaningful proposal.

II. Remarks by Ambassador Thompson, USSR

Ambassador Thompson listed eight reasons why Khrushchev probably desires a Summit Conference, most but not all of which were, conversely, reasons for the U.S. not to want one. Khrushchev uses the party rather than governmental apparatus and is inclined to be impulsive but he does concern himself with seeking popular support. The great question is whether the Soviet system can be run without the use of terror. There is little prospect of our reaching accommodation with present Soviet leadership. Our policy should be designed to further a liberal evolution in the Soviet system and to disabuse them of the urge to run the world, so as to permit accommodation over the long run.

III. The NATO Alliance and Western Defense

Ambassador Burgess enlarged on some aspects to the Secretary's remarks especially on the psychological importance of political consultation or as a minimum prior advice to the NATO council of political

moves. MC 70³ was described as the realistic war plan of NATO based on availability of advance weapons. Ambassadors were requested to urge member governments to meet force goals under this document. It was pointed out that because of the sensitiveness of the document it has not been distributed to Embassies which makes such representations a bit difficult to carry out. An effort to supply Embassies with the necessary information was promised.

Spain's membership in NATO was discussed with emphasis on its advantages in tying Spain firmly to the West and countering neutralist tendencies. Spain's willingness to enter NATO at any time should not be taken for granted. Present Department policy favors Spanish admission but we believe our tactics should stress gradual improvement of Spanish relationships so that the several member countries presently opposing might in time voluntarily accept Spain rather than attempting to force this result by strong U.S. pressure.

Efforts to achieve advanced weapon production coordination through FIG, WEU and the Meili office in NATO were described. IRBM placement is meeting some opposition but should be described as cooperation to meet a NATO need rather than a U.S. requirement.

Attention was called to the disadvantageous political repercussions of uncoordinated press visits to US bases abroad such as one which recently rekindled parliamentary controversy over SAC flights in the U.K. Efforts were urged to improve Washington coordination in the future.

IV. Problems of Colonial Areas and Newly Independent States

Mr. Porter outlined the problem of African nationalism and the view that European powers can preserve economic and cultural ties by making timely concessions in the political sphere. He mentioned certain working level contacts for informational purposes with Algerian revolutionary leaders. Mr. Walmsley and Mr. Gerig discussed trends in the UN where Asian-African countries now represent some 35% of the membership as opposed to Europe's 24%.

The consensus of the discussion was that:

1. Most NATO members as well as Spain and Switzerland tended to support France more or less unconditionally in its efforts to solve the Algerian problem.
2. French opinion is presently in a state of transition which could bring about a change of policy on Algeria. This could be adversely affected by U.S. action interpreted as intervention in French affairs.

³ MC-70, "Minimum Essential Force Requirements, 1958-1963," was prepared by the Military Committee of NATO early in 1958 as guidance and a yardstick of progress in the 1958 and successive Annual Reviews. MC-70, a copy of which is at NATO headquarters in Brussels, has not been declassified. See also Document 131.

3. The necessity of taking a position on anti-colonial issues at the UN poses one of the most fundamental dilemmas of U.S. foreign policy since it almost invariably places the U.S. in a position of conflict with its European friends.

4. There is danger of jeopardizing our historic and important European ties without necessarily winning new friends in the Arab world, particularly in view of continued Arab preoccupation with the Palestine problem.

V. The U.S. Economy—Remarks of Dr. Saulnier

The current U.S. recession is fairly conventional in pattern being caused by reversal in previous expansionist tendencies in plant expansion, export trade and military procurement. Purchases of consumer durables have not picked up as expected at the end to the installment cycle but rather savings are increasing. The recession has not yet spread extensively to other countries except in special commodity areas. Vigorous action in limited fields is needed to reverse the curve which is now flattening out, however, tax cuts should be approached only carefully and selectively, if at all, in view of the inflationary impact of prospective budget deficits. The most important long term need was a labor-management relationship which would stabilize costs and the purchasing power of the dollar.

The Ambassadors expressed an interest in receiving frequent current analyses of the U.S. economy which the E area of the Department has agreed to supply.

VI. European Economic Integration

Mr. Corse reviewed the status and prospects of the Coal and Steel Community, EURATOM and the Common Market. He foresaw some dislocations in U.S. foreign trade but an over-all expansion as a result of the organizations.

Mr. Timmons spoke on the Free Trade Area which is favored by the United States in order to forestall fragmentation and bilateralism of the European economy. We wish however that it be consistent with GATT principles. Concessions will be necessary on the part of "the six" principally France and "the non-six" principally the U.K. Smaller countries such as Switzerland and Austria have perhaps more vital interests at stake.

It was the consensus that the FTA is necessary and that U.K. views will be sufficiently flexible to persuade France of its advantages after difficult and protracted negotiations. It is questionable whether its ultimate form will be as acceptable to the U.S. as that of the Common Market. Potential advantages of the U.K. in attracting foreign investment under an FTA are probably exaggerated but are a psychological impediment to agreement by others. Special problems will be created for the "peripherals" such as Spain and Portugal who may need special tariff

accommodation and help from investment funds. The appropriate U.S. position is one of interest but non-intervention except on matters of legitimate U.S. concern such as reducing trade barriers to non-members. There appears to be predominant interest by American business in the potentiality for investment within the trade area. A number of Ambassadors expressed interest in having a study which would provide policy guidance on investments abroad since questions such as whether to attempt to retain exclusive U.S. control or encourage local participation have important political significance.

VII. Miscellaneous Problems

A. *USIA* Mr. Bradford expressed the expectation that European operations would not be further penalized because of lack of funds although he mentioned the difficulty in some cases of persuading Congress of the necessity to continue operations in "friendly" Europe. Emphasis would increasingly be placed on the long term cultural, "quality" approach. Several Ambassadors mentioned the importance of steady continuity in this type of operation.

B. *Budget* Mr. Burns described the present rather gloomy outlook for the S and E portion of the budget. Ambassador Bruce and others expressed the hope that no further cuts in personnel would be made.

C. *Personnel and Training* The Chairman read a memorandum from Mr. Henderson¹ on the vital necessity of increased language skills in the service and the consequent high priority on assignments from the field to language schools. This provoked a great deal of discussion out of which emerged a strong recommendation for scheduling training before arrival at post rather than interrupting a duty assignment and suggestions for greater use of at-post language training and supervisory review to assure that able and conscientious officers were not penalized by having less time for language training than others. Strong views were also expressed on the difficulties caused by too frequent transfer of officers and by transfers so scheduled that a complete section may be changed within a relatively short time.

D. *Local Employees* Ambassador Lodge mentioned a serious humanitarian and public relations problem where faithful local employees of many years service did not get full retirement credit and compensation for periods of service during and before the war. Several other Embassies were concerned by the same or similar problems and it was urged that renewed efforts be made to obtain funds from Congress to provide adequate annuities.

E. *Communications* There was a general desire for more rapid communications to the field. It was pointed out that British transmission was

¹ Not further identified.

invariably more rapid than ours. This was believed to be partly a question of communications discipline and partly one of obtaining the most modern available equipment. A thorough restudy of this problem was strongly recommended.

F. *Evacuation Planning* Attention was called to the importance of the planning of coordination with local governments and of financing for logistic support.

22. Letter From Secretary of State Dulles to the Chairman of the Atomic Energy Commission (Strauss)

May 23, 1958.

DEAR LEWIS: In connection with the final consideration being given by the Atomic Energy Commission to various papers amplifying the proposed joint United States-Euratom nuclear power program, I understand it may be helpful to have a further statement from the Department on two questions—the effect of the current French crisis¹ on the program; and the compromise which has been worked out with respect to safeguards and controls and the relationship of this compromise to the International Atomic Energy Agency.

The United States can proceed on no other basis than to assume that the French Government will honor its treaty obligations, including the Treaties of Rome which led to the bringing into being on January 1 of this year of the European Atomic Energy Community and the European Common Market. In addition, the acute political difficulties in France give immediate evidence of the need for and importance of the creation

Source: Department of State, Central Files, 840.1901/5-2358. Confidential. Drafted by Schaezel. Attached to another letter from Secretary Dulles to Strauss, also dated May 23, in which Dulles wrote: "The attached letter was prepared before I had your letter of May 19 enclosing a copy of Stub Cole's letter of May 12. That letter does not alter the views in the attached, but I agree we should discuss the matters Stub raises before any reply goes to him." Neither Cole's letter to Strauss of May 12 nor Strauss' letter of May 19 to Dulles has been found.

¹ On April 16, the government of Felix Gaillard resigned following a loss of confidence vote in the National Assembly on France's North African policy. The new government formed by Pierre Pflimlin on May 14 came under increasing attack regarding its policy in Algeria as agitation developed in some quarters for an emergency government under Charles de Gaulle.

of a larger political framework, which is of course the objective of the European integration movement.

The arrangements which have been negotiated with Euratom for safeguards and control over United States material to insure that these materials will be used exclusively for peaceful purposes seem to me to be a most satisfactory arrangement. Two months of discussion with the Euratom authorities indicate that insistence on unilateral United States' inspection rights would lead to Euratom breaking off negotiations. Achievement of the basic political objectives of the new Community requires that it have a status of equality and hence means that Euratom cannot accept outside inspection, at least until the major powers are also prepared to do so. I am further persuaded that by accepting Euratom responsibility in this field we will be encouraging development by the Community of an effective, comprehensive accountability and control system as is required by the Treaty of Rome. At the same time the various provisions in the draft agreements which call for United States' assistance in establishing the system and our rights to assure ourselves of its effective operation give us the necessary assurance that the guarantees Euratom is prepared to give us will be adhered to.

Both the explicit statement of principles set forth in the Annex B to the draft Agreement for Cooperation, as well as the provision for consultation designed to assure reasonable compatibility of the Euratom safeguard and control system with that of the International Agency system provide the basis for a mutually beneficial relationship between these two institutions. I can appreciate the special interest of Mr. Cole which would lead him to wish that the joint United States-Euratom program could be subject to control and inspection by the International Agency, and I believe we should keep in mind the possible effects which the joint program may have on the Agency's future operations. However, in view of the present political realities in the world and the division between the East and the West it seems a political impossibility for this new European institution, composed of the Six Nations which are our principal allies on the Continent of Europe, to open a crucial element of their economies to International Agency inspection teams which, they argue, would include personnel from the Soviet and East European countries.

There are even more urgent reasons for proceeding with this program than those which led us to make our joint recommendation to the President last January 28.² The negotiations of the Joint Working Group, composed of officers of the Atomic Energy Commission and the State Department and of the staff of Euratom, have been most successful. The Department is impressed by the speed with which the Euratom Com-

² Document 3.

mission and the Council of Ministers have reviewed the documentation produced by the Working Group and that the Europeans are now prepared to enter into the necessary international arrangements to bring the program into being. In view of the most favorable atmosphere created in Europe by these negotiations it seems to me of the greatest importance that we present the program immediately to the President for his approval and transmittal to the Congress in order that the necessary legislative action can be taken prior to summer adjournment.

Sincerely yours,

John Foster Dulles³

³ Printed from a copy that bears this stamped signature.

23. Telegram From the Embassy in Belgium to the Department of State

Brussels, June 5, 1958, 2 p.m.

1718. For the Secretary and Admiral Strauss from Butterworth. For USEC. I am herewith conveying to you personal brief summary of statement made to me yesterday evening by President of EURATOM Commission in presence of and with full concurrence German, Belgian and Dutch colleagues.

Armand gravely anxious lest it be not fully appreciated in Washington that the political importance of rapidly concluding and putting into effect of US-EURATOM program has been given an enhanced and especially significant importance by reason of recent French developments.¹ In Armand's view although De Gaulle has undertaken to respect Rome treaties and has said he was not "anti-European", the fact

Source: Department of State, Central Files, 840.1901/6-558. Confidential; Niact. Repeated to Luxembourg.

¹ On May 31, French President Pierre Coty, faced with insurrectionary movements in Algeria and Corsica and a threat of civil war in metropolitan France, accepted the resignation of Premier Pflimlin and designated Charles de Gaulle as Prime Minister. On June 1, de Gaulle was invested as head of France's 25th postwar government.

was that he was by no means “pro-European”. There were already appearing among his followers in the French bureaucracy and government those who said that “pro-European” was at best just talk and at worst anti-France. With common market facing special impedimenta due to France’s growing financial difficulties, it was of utmost importance for European integration that EURATOM should speedily move forward under impetus and in direction of US–EURATOM program. Its value however, depended on speed with which implementation occurred.

Armand also wanted it pointed out that it was widely known that negotiations for US–EURATOM program had been concluded:² This arose in the first instance out of nature of consultation with six governments and manufacturing and electrical industries of community; furthermore, press in six had now been fully briefed for moment of announcement to be made on this side simultaneously with despatch by President of message to Congress. Further delay, not to mention a faltering on part of US, would have severe adverse repercussions including being regarded by many in France as revival wartime attitude towards De Gaulle.

On other hand Armand reiterated his own enthusiastic support for actualities and potentialities of US–EURATOM program including profound satisfaction re effect it had had and would continue to have on French Atomic Commissariat citing fact that Guillaumat, who owed his appointment in 1945 to De Gaulle “had thus been turned 180 degrees in his attitude towards EURATOM”.

I would appreciate receiving as soon as possible information re our timetable with which to reassure EURATOM Commission and for coordinating announcement here with that of White House.

Folger

² On May 29, the EURATOM Commissioners at Brussels signed the Agreement on a Cooperative Nuclear Program with the United States. Regarding subsequent action on the agreement and its final wording, see Document 24.

24. Editorial Note

A number of meetings within the U.S. Government and between U.S. officials and representatives of EURATOM and the International Atomic Energy Agency were held in Washington June 9–11 in an effort to reach agreement on the wording of letters to be exchanged in conjunction with the agreement on the cooperative program by the United States and EURATOM.

On the morning of June 9, Under Secretary of State Herter met at the Department of State with Atomic Energy Commission Chairman Lewis Strauss, Atomic Energy Commissioner John Floberg, Director General of the International Atomic Energy Commission Sterling Cole, and other officers of the Department of State, and discussed various minor modifications in the draft letters interpreting the agreement, particularly with regard to verification and inspection. Following this meeting, Herter met with EURATOM representative Max Kohnstamm and gave him a copy of the revised text. Kohnstamm expressed reservations about some of the changes, but was assured by Herter that if EURATOM accepted the revisions, there would be such strong administration support for the program that it would move through Congress very quickly. Arrangements were made for Kohnstamm to inform EURATOM of the proposed changes immediately by sending a cable through Ambassador Butterworth at Luxembourg. (Memoranda of conversation by Farley, June 9; Department of State, Central Files, 840.1901/6–958)

On June 10, Kohnstamm met with Philip J. Farley, Special Assistant to the Secretary of State for Disarmament and Atomic Energy, and said that he had received word from the EURATOM commissioners that they were prepared to accept the revised text if they could be assured that it was acceptable to both the Atomic Energy Commission and the Department of State. Kohnstamm also passed on to Farley several minor additional textual changes and procedural proposals made by the commissioners. Later that day, Farley brought these proposals to Strauss and members of the AEC staff. In accepting some of the proposals but rejecting others, Strauss said that he wanted to consult further with Cole, who had indicated that he wished a commitment that the EURATOM program would be put under IAEC safeguards, if the IAEC inspection system was found adequate and this was applied broadly throughout the world. (Memorandum of conversations by Farley, June 10; *ibid.*, EUR/RPE Files: Lot 70 D 315, Power Program)

According to his memorandum for the file, June 10, Farley met with Cole and with John Hall of the Atomic Energy Commission and explained to Cole the results of the meetings held during the previous 2 days. (*Ibid.*, Central Files, 840.1901/6–1058) Herter met again with Kohnstamm on June 11, and with both men voicing their desire for a

speedy conclusion of an agreement, worked out additional minor changes in the text. (Memorandum of conversation by Farley, June 11; *ibid.*, Secretary's Memoranda of Conversation: Lot 64 D 99) Herter then made several telephone calls to Strauss, which are described in Herter's memorandum for the record, June 11. According to the memorandum, Herter called Kohnstamm at 12:30 p.m. and informed him that Strauss had agreed and "we can move right ahead." At 12:35, Herter telephoned Secretary Dulles to say that agreement had been reached on EURATOM and that "Mr. Cole and AEC are happy and everything is harmonious." According to Herter, "the Secretary was delighted." (Eisenhower Library, Herter Papers)

The text of the letters to be exchanged, as finally agreed upon, was sent to Butterworth in Luxco 224, June 11, as follows:

"I wish to confirm our understanding that the consultations and exchanges of visits agreed upon in the referenced section and the assurance provided for therein include within those terms permission by each Party for the other Party to verify, by mutually approved scientific methods, the effectiveness of the safeguards and control systems applied to nuclear materials received from the other Party or to fissionable materials derived from these nuclear materials. In our judgment, this understanding is implicit in the text of the Memorandum of Understanding.

"I wish further to confirm our understanding that with respect to Section II E, in the event of an international safeguards and control system by the International Atomic Energy Agency, the United States and Euratom will consult regarding assumption by that Agency of the safeguard and control over the fissionable material utilized or produced in implementation of the program contemplated by the Memorandum of Understanding." (Department of State, Central Files, 840.1901/6-1158)

On June 12, under cover of a memorandum from Dulles and Strauss, the following items were sent to President Eisenhower: (1) an outline of the cooperative nuclear power program between the United States and EURATOM, (2) a résumé of the financial implications of the joint program, (3) the text of the agreement that had been signed in Brussels by the EURATOM commissioners on May 29 and which was to be signed for the U.S. Government by the appropriate authorities in the Department of State and the Atomic Energy Commission, (4) a draft Presidential message to Congress to accompany the International Agreement, once it was signed, and (5) a Memorandum of Understanding setting forth the detailed undertakings of the two sides in the joint program. (*Ibid.*, 840.1901/6-1258)

The agreement between the United States and EURATOM was signed by Dulles and Strauss in Washington on June 18. On June 23, the Atomic Energy Commission and the Department of State announced

that President Eisenhower had on that day transmitted to Congress and asked for approval of the agreement. The texts of the above five items, except for the résumé of the financial implications of the joint program, are printed in Department of State *Bulletin*, July 14, 1958, pages 71–80.

25. Editorial Note

On July 5, during his visit to France, Secretary of State Dulles and French President de Gaulle discussed the negotiations regarding the Free Trade Area. A memorandum of their conversation, which took place in Paris at 2:45 p.m. on July 5, is printed in Part 2 as Document 35.

26. Circular Telegram From the Department of State to Certain Diplomatic Missions

July 12, 1958, 1:40 p.m.

33. For the Ambassador.

1. Dept becoming increasingly concerned possible repercussions for European economic cooperation of difficulties in Free Trade Area negotiations. Crucial phase negotiations may be approaching. Six scheduled reconsider matter about July 24. OEEC Intergovernmental Committee on FTA expected meet immediately thereafter with OEEC Ministerial Meeting before end month. If negotiations ultimately fail there would be risk disagreements could carry over into other fields.¹

Source: Department of State, Central Files, 440.002/7–1258. Confidential. Drafted on July 10 by Myerson; cleared in EUR, EUR/RA, EUR/BNA, EUR/GER, EUR/WE, E, E/OT, and W; and signed for Dulles by Dillon. Sent to Bonn, Brussels, The Hague, Luxembourg for the Embassy and USEC, Paris with instructions to pass to USRO, Rome, and London.

¹ At this point in the source text, the following sentence was deleted before transmission: "Failure could also create serious strains among Six since all Common Market countries except France seen favor moving ahead now toward some compromise arrangements."

While we think unlikely irreparable split will develop at series meetings late July marked divergences could cause considerable difficulties and recriminations in OEEC. In addition to longer-term U.S. aims re FTA negotiations explained below, immediate problem is how assure some progress at these meetings or as minimum avoid open split at OEEC Ministerial.

2. While details complex Dept understands major problems preventing further progress negotiations at this time are:

(A) French have not worked out agreed position with Common Market partners because have not yet taken basic political decision move ahead with negotiations;

(B) UK has still not indicated sufficient willingness compromise on key issues. Agreed position for Six would seem necessary first step however before UK or other OEEC countries could be expected change present positions. Meanwhile impression received from various sources is that UK plans maintain maximum pressure for early decision.

3. Detailed statement US position FTA negotiations contained CA-8151,² 8152, 8153.³ Major elements as follows:

(A) We attach major importance to achievement multilateral trading system which would be mutually acceptable to European states concerned and which will provide means associating other OEEC countries with Common Market of the Six.

(B) In accordance US position of strong support six-country Communities believe important that any wider arrangements neither delay Common Market timetable nor interfere with cohesiveness its institutions.

(C) In interest Europeans themselves and other countries arrangements should contribute expansion world trade.

(D) Initiative in negotiations must come from Europeans but US prepared make above general views known as appropriate.

4. You should seek early opportunity informally convey Foreign Minister or at your discretion Chief of Govt or other appropriate official, US hope that countries directly concerned will be able find some means assuring continuance negotiations, reconciling differences and making early progress toward sound trading system to link others with Six. Suggest recall basic elements US position para three above which has been consistent since beginning FTA negotiations. Butterworth should discuss with Hallstein along same lines. Embassy London may wish see Heathcoat-Amory also since he is Chairman OEEC Council.

5. Should make clear that in raising matter with Govts concerned US not associating self with any particular plan nor endorsing position any country re specific issues. Rather as interested outside country our

² Document 12.

³ See footnote 2, Document 12.

present concern is primarily broader issues including hope that FTA negotiations will lead to strengthening Europe and Atlantic Community by supplementing Common Market. To emphasize foregoing and especially in order avoid any implication US singling out French, should indicate that identical instructions sent US Ambassadors to UK, Six and US Rep European Communities.

6. Dept aware January 1, 1959 seen by some countries as deadline for some general agreement since Common Market tariff reductions scheduled begin then. Understand initial tariff reduction by Six not expected have significant trade impact other European countries and problem for latter essentially one of principle. Should indicate our attitude that most important consideration now is resumption negotiations in atmosphere patience and restraint and some progress toward reconciling differences. FYI—Dept recognizes presentations must be adapted local circumstances. May wish assure French that US appreciates fact France's special economic problems require consideration in OEEC negotiations. End FYI.

7. FYI—Question may be raised re U.S. attitude toward possible interim FTA arrangements. Such arrangements in principle might include ten percent tariff reductions among all OEEC countries effective Jan 1. If matter raised suggest you indicate U.S. assumes any such arrangements would be drawn up bearing GATT provisions fully in mind and that naturally U.S. would have to reserve its attitude until it knew nature such arrangements. End FYI.

8. Appreciate your comments and recommendations following approaches.

Dulles

27. Circular Telegram From the Department of State to Certain Diplomatic Missions

July 16, 1958, 8:03 p.m.

58. 1. Depcirtel 33.¹ 2. London's 251.² 3. The Hague's 79.³ 4. Paris' 197.⁴ Further re US position 10 percent tariff reduction FTA:

1. If interim tariff reductions considered essential, most desirable action clearly extension to all GATT countries on MFN basis. Impractical for US take position now re possible credit for cuts against future reciprocal negotiations with US. However, our understanding UK opposed to interim arrangement consisting simply generalized 10 percent reductions on grounds it would not signify advance in FTA negotiations.

2. If tariff cuts are limited OEEC countries, could only be supported by US as part of agreement on FTA which satisfies US and others that GATT standards are substantially met including requirement for plan and schedule for formation FTA "within reasonable length of time." Otherwise, arrangement would involve serious risk creation new preferential area inconsistent with GATT and lacking benefits from building multilateral trading system around Common Market. We understand however unrealistic expect French agree in near future to arrangement satisfying above requirements (Ref 4).

3. In making approaches requested Ref. 1 US reps should make clear position re 10 percent reduction as outlined above. In that connection special emphasis should be placed on US view that Jan 1, 1959 deadline not vital for establishment FTA. (See para 6, Ref. 1.)

Source: Department of State, Central Files, 440.002/7-1658. Confidential. Drafted by Isaiah Frank (E/OT), cleared with seven other offices in the Department of State, and signed for Dulles by Dillon. Sent priority to Bonn, Brussels, The Hague, Luxembourg for USEC and the Embassy, Paris to pass to USRO, Rome, and London.

¹ Document 26.

² In telegram 251 from London, July 14, the Embassy requested further instructions before making the requested approach, particularly regarding the position to be taken on the 10 percent tariff reduction. (Department of State, Central Files, 440.002/7-1458)

³ In telegram 79 from The Hague, July 15, the Embassy said that it agreed with the point made in telegram 251 from London that additional instructions were needed before the approach could be made. (*Ibid.*, 440.002/7-1558)

⁴ In telegram 197 from Paris, July 15, Ambassador Houghton said he would discuss the general aspects of the U.S. viewpoint as given in circular telegram 33 in his next meeting with Couve de Murville, probably on another subject. But he cautioned that nothing the United States nor anybody else would say was likely to obtain French support for FTA. (*Ibid.*)

4. Agree Maudling report to OEEC Ministers along lines para 3 Ref. 2⁵ could if carefully handled be useful in avoiding split and giving negotiations new impetus.

5. Appreciate reactions expressed reftels and hope foregoing helpful in clarifying basic questions raised.

Dulles

⁵ In this paragraph of telegram 251, the Embassy in London inquired whether the Department agreed with its interpretation of the U.S. position that the United States would not object to a report of failure to the OEEC ministerial meeting by CIG Chairman Maudling, if Maudling made it clear that his purpose was to state that the January 1, 1959, deadline no longer seemed possible and to obtain the cooperation of the ministers in facilitating further progress, including revised instructions and the adoption of a new timetable.

28. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, July 18, 1958, 1 p.m.

Polto 251. Reference: Topol 194.¹

1. FTA negotiations continue present difficult picture to assess. However, following comments may be of interest and helpful:

2. Valery told Sergent and McCarthy yesterday morning that under no circumstances would French permit discussion FTA in ministerial council. Stated emphatically Pinay would walk out of meeting if subject even broached. When Sergent expressed surprise indicating Maudling would undoubtedly have to make status report on his assignment, Valery became more excited and said item would never be agreed to by French on agenda. When this subsequently reported Ellis-Rees, he

Source: Department of State, Central Files, 840.00/7-1858. Confidential; Priority; Limit Distribution.

¹ In Topol 194, July 11, the Department of State asked USRO to make comments on and recommendations regarding the agenda items for the OEEC ministerial meeting to be held later in the month. USRO was particularly asked to comment on the FTA negotiations. (*Ibid.*, 840.00/7-1058)

expressed great irritation; said naturally hoped CIG meeting July 24-25 would be so successful that such French action would not be necessary. Indicated however British determination to bring matter to Council if necessary.

3. In prior conversation with McCarthy, Valery gave following assessment. Situation as far as French concerned:

A) He is not personally optimistic about outlook for success of negotiations.

B) French definitely do not want FTA at this time.

C) However, French do not want to be charged with responsibility for breaking off negotiations.

D) French already under heavy criticism for failure discharge other obligations and do not wish take on additional commitments.

E) If British try to force agreement before end of July and use strong arm methods they will be making big mistake.

F) Perhaps in fall negotiations could be resumed when some of more pressing French problems have been disposed of and then negotiations might be provisionally concluded in winter.

G) While British have made some concessions they have failed show right bargaining spirit on many minor points, making tasks of those in French Government who want to cooperate almost hopeless. French team consists of technicians who are lost in the trees and high level people who are unfamiliar with the economic problems, or people like Pinay who are frightened by the Patronat. The good Europeans are lost in this combination.

4. Sergeant frankly confesses he cannot assess the situation, even after two-day meeting in London. On the one hand Maudling and Eccles appear determined come Paris with tough attitude. Other group on British team wish come with conciliatory attitude. Eccles told Sergeant he will make plenty of news in Paris and there will be fireworks when he gets through speaking. Went on to say that since Heathcoat Amory will be in chair, he, Eccles, will be British spokesman.

5. French met all day yesterday at high level, with Rey participating. Meeting of Six on 23rd will presumably permit final assessment their position.

6. In view confidential nature discussions not repeating this cable other missions.

Burgess

29. Telegram From the Embassy in the United Kingdom to the Department of State

London, July 18, 1958, 7 p.m.

402. Luxembourg for USEC. Paris pass USRO. In view absence Lloyd and preoccupation Prime Minister other matters, Department circular telegram 33¹ and Department circular telegram 58² conveyed Maudling today. He said will convey Chancellor. Following summary his comments:

1. Agreed next two weeks crucial for FTA and appreciated continuing US support.

2. UK will continue press for FTA and urge continuation negotiations. Confirmed that report to OEEC Ministers re failure carry out mandate would be in context request for new instructions and time table. At ministerial meeting, UK will also seek reaffirmation support all OEEC countries for FTA. (Maudling said Pinay expressed disbelief French had really agreed when shown October 1957 OEEC resolution³ and referred to FTA as just UK device to stop common market.) Rumors breakdown FTA negotiations and loss UK interest have according Maudling, had salutary effect in stirring up Six.

3. UK opposed to interim 10 percent tariff cut on generalized basis because (A) no reciprocity seems possible; and (B) would not be move toward FTA. (This in considerable part matter of principle—would represent common action on external tariffs while fundamental to FTA concept that only internal to be affected.) Stated Benelux and Germany also opposed generalization. Would support 10 percent cut limited OEEC countries but only as first step toward FTA on which real progress had been made of sort would justify US supporting GATT waiver. May suggest at CIG or ministerial meeting that negotiations on provisional arrangement re 10 percent proceed along with work on substance FTA. UK would insist any provisional arrangement apply to quotas as well as tariffs.

With respect target for FTA agreement, while not concerned about gap of few months between common market action on internal barriers

Source: Department of State, Central Files, 440.002/7-1858. Confidential. Repeated to Brussels, The Hague, Bonn, Rome, Luxembourg, and Paris.

¹ Document 26.

² In circular telegram 58, July 16, the Department of State transmitted further instructions regarding the U.S. position on FTA. (Department of State, Central Files, 440.002/7-1858)

³ Presumably a reference to the OEEC Council resolution of October 17, 1957; see footnote 1, Document 8.

January 1, 1959 and similar FTA, provided progress being made toward FTA, feels longer delay would set trading patterns and prejudice future of FTA.

Whitney

30. Telegram From the Embassy in France to the Department of State

Paris, July 21, 1958, 8 p.m.

285. Reference Department telegram circular 58, July 16.¹ Tuthill advised Wormser today along lines of reference telegram and stated that Ambassador Houghton requested this information be passed on to Couve de Murville.

Wormser stated that French were thoroughly opposed to 10 per cent tariff reduction limited to OEEC. This would imply agreement on objectives free trade area. Wormser stated that French were only interested in reaching agreement after detailed discussion all significant aspects of problem and are not interested in a general agreement. Wormser stated that British have not altered their position "one iota" on basic matters since fall of 1957.

French favor 10 per cent unilateral reduction (to include agricultural as well as non-agricultural products) for all GATT and other countries with whom French have trade treaties with MFN clause. They favor this for two reasons: (A) It involves no commitment regarding free trade area but allows sufficient time (2 years) to negotiate FTA, and (B) it is consistent with GATT.

Wormser explained proposal as follows: Common Market countries would, in general, reduce by 10 per cent external tariffs across the board. There might be however an exception regarding tariffs which are already 10 per cent or under. This would remove anomalous situation of BENELUX reducing certain tariffs from say 5 to 4-1/2 per cent when,

Source: Department of State, Central Files, 440.002/7-2158. Confidential. Transmitted in two sections. Repeated to Bonn, London, Brussels, The Hague, Rome, and Luxembourg.

¹See footnote 2, Document 29.

under common market averaging formula, tariffs on such items would ultimately be increased. (In cases where arithmetical average would be above the figure resulting from 10 per cent reduction, full 10 per cent reductions would nevertheless be affected, thus making application external rate below the arithmetical average.)

As for list G items, Wormser recognizes that it would not be possible to determine what the agreed common market external tariff would be, but feels that France can take the risk (probably small) that in some cases the agreed external tariff will be higher than the rate resulting from the 10 per cent reduction. Wormser does not see how this risk can be avoided if any general formula is to be applied.

Wormser is aware that the British may raise the question of quantitative restrictions but he feels that this is an unreal issue. Within GATT the British have maintained that quantitative restrictions should only be retained pursuant to article 12 of GATT, i.e., event of balance of payments difficulties. Recent GATT session² British, together with US, championed this position, especially as related to German QRs against agricultural products. Accordingly it would seem too inconsistent for British to insist upon an extension of liberalization of QRs to OEEC area in absence of an agreement on free trade area, unless same extended all GATT countries.

In any event, Wormser pointed out that QRs represent problem primarily for France. France has maintained that it will not agree to any formula relating to other OEEC countries which will increase its difficulties in implementing Common Market. However, France might be prepared to spread among the whole seventeen the quota increases she is obligated to grant the Six, if everyone agreeable. (For example, if France gets 100 units product Y from Six, and 150 units from eleven, she might generalize her 20 increase so that total OEEC quota would be 270.) French do not yet know whether they will ask for relief in whole or in part from QR provisions of Rome treaty. This decision will not be made until late in year in light of conditions then prevailing. As indicated above, Wormser convinced British cannot push this issue too far because of inconsistencies in their own commercial policy.

Before leaving this subject, Tuthill asked if EEC had taken a position re French insistence need of Germany to retain QRs for agricultural products in order implement agricultural provisions of Common Market. Wormser replied that he felt EEC has "implicitly" supported French (and German) position but couldn't be specific.

² Presumably a reference to the GATT Intersessional Committee at Geneva April 14-May 2. Actions taken at this meeting are summarized in *Current Economic Developments*, May 13, 1958, pp. 8-13. (Department of State, *Current Economic Developments*: Lot 70 D 467)

As might be expected Wormser regards apprehensively negotiations of next few days. He asked whether under current US trade legislation it would be possible for United States Government to grant some tariff reductions to Six in event of application of tariff formula outlined above. Wormser recognized that no 10 percent general reduction would be possible but asked if at least some more limited action might be possible. Tuthill recalled earlier conversations in which Embassy indicated inability of US to reciprocate to 10 percent tariff reduction. However offered to inquire of Washington whether there was any action which might be possible in US in response to initiative of Six which might be helpful in terms of public opinion in France. Wormser had pointed out that French proposal might bring adverse reactions amongst French industrialists and stated that if the US could take any action favorable to French trade this would be helpful.

Wormser asked if it might be possible to discuss this matter informally with Dillon during his stay in Paris next week.³ We offered to advise Dillon of this inquiry.

Houghton

³ Dillon was scheduled to attend the OEEC Ministerial Meeting in Paris the last week in July; see Documents 31 and 33.

31. Letter From the Deputy Under Secretary of State for Economic Affairs (Dillon) to the Permanent Representative at the North Atlantic Treaty Organization (Burgess)

July 25, 1958.

DEAR RANDY: I have been looking forward with genuine pleasure to attending the OEEC Ministerial Meeting, and it was only at the last moment that it became clear that my leaving would not be possible.

The staff in the Department and the people in Treasury have been making intensive preparations for the past week or so. We had several briefing sessions at which we concentrated on what seemed to be clearly the two most important problems for Ministerial consideration, discussion of the economic situation and the free trade area negotiations. I thought it might be helpful for you to have a bit of the flavor of things here as they had developed up to the time my plans were changed. Lane Timmons and John Leddy can give you the details of our thinking in light of the meetings I had with them.

On the economic situation, the Treasury Department staff has been worried that Ministers might discuss the subject in such a way as to imply that the United States should change its internal economic policies. They were specifically worried about the wording of any possible resolution which might come out of the meeting. They also were concerned lest future meetings of Working Party 19 be formalized in a manner which would change the basic character of the Working Party's activities. To this end they suggested that we make very clear the fact that we are only associate members of the OEEC and took part in its activities on a quite different basis from the other members. Our view in State was that we should not attempt to emphasize this difference and should be flexible regarding future meetings of Working Party 19.

At a meeting which I just had with Bob Anderson we reached general agreement along the following lines:

1. That while we should mention gently the fact that we are an associated country as outlined in the paragraph of the suggested speech on this subject,¹ we should tread very lightly in this regard and not emphasize the difference between the U.S. and other countries.

2. That we should seek to ensure that any resolutions coming out of the meeting should be so drafted as to clearly apply only to the member countries so that there could be no feeling that recommendations regarding how the U.S. should handle her economy were being made. We also agreed that the best way to achieve this result was by a bilateral meeting between you and the British delegation prior to the public meeting, so as to avoid the necessity of arguing about the wording of any resolutions that might be submitted to the full meeting.

3. That we should not object to a regular schedule of future meetings of Working Party 19, but that we should state our view that such meetings would only be really fruitful if they continued to be informal in nature and avoided to the maximum extent possible formal resolutions.

John Leddy was present at this discussion with Bob Anderson and can fill you in on any details.

¹ Not found.

The free trade area problem is one to which we have devoted much thought recently. Here again, I thought the delegation would have to have considerable flexibility in view of the many imponderables. The basic element in our position is that while we strongly favor the free trade area idea, we do not agree with the British that there is any particular magic in the January 1, 1959 date. Had it turned out from informal discussions with the French that they could not proceed now, I had intended to suggest to Heathcoat-Amory that the British relax their pressure for the present in hopes that the French position might be changed later. We have received several reports recently suggesting that de Gaulle has told his people to find some way to reach a compromise agreement. I hope that events the next few days will confirm these reports but assume that final agreement by January 1 would probably not be possible in any case.

I know that all of the Washington participants will support you in every possible way. My best wishes for a successful meeting.

With best wishes,

Sincerely,

Douglas Dillon²

P.S. I have just this minute received your letter of July 21³ and it is apparent that we are thinking right along the same lines.

² Printed from a copy that bears this typed signature.

³ In his July 21 letter to Dillon, Burgess commented on the presentation to be made by the U.S. representative on economic conditions. (Department of State, Central Files, 440.002/7-2158)

32. **Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State**

Paris, July 28, 1958, 5 p.m.

Polto 374. Luxembourg for Butterworth. Department pass ICA and Treasury. Geneva for USDel. Subject: CIG meeting 24-25 July—summary.

1. Overall impression was that expressed by Maudling that "log jam shows distinct sign of breaking" and that "position is now both clearer and more hopeful". First session was solemn, chaired by unsmiling Maudling and opened in atmosphere of suspense on part of eleven awaiting position of Six finalized night before. By late afternoon, pessimistic atmosphere had considerably cleared and Maudling in his summary stated that meeting had been extremely valuable and there had been "a lot of progress in spirit." No one, however, looks forward to smooth sailing or feels that difficult compromises will not have to be made.

2. In a sense Six were in position of star performers. Six for first time gave strong impression of real team work and carefully prepared agreed positions. Major statements (Erhard, Mansholt, Rey) were all from written documents and others of Six only spoke occasionally, making brief explanatory or supporting comments. This may in part have been due to presence three new representatives from Belgium, Italy, and France. Only instances of pure national positions were statements of Erhard and Mueller-Armack on certain aspects of LDC questions and Wormser on origin and LDCs. Except for question of a provisional agreement, discussion of which was postponed until next session, suggestions of Six for continuance of work were carried out. (Origin, agriculture, LDCs) Undoubtedly arduous labor of Ockrent committee must have been big asset in making possible degree of agreement achieved among Six.

3. It was a meeting in which all scored points with some losses. Origin follow-up based on Steering Board report for sector study was recommendation of Six and victory for France especially, whereas Maudling unable to get any discussion of his paper. On agriculture, memorandum of Six will be used as basis future discussion but together with earlier UK paper.¹ LDC succeeded in getting specific reference to Euro-

Source: Department of State, Central Files, 840.00/7-2858. Official Use Only. Repeated to Luxembourg and Geneva and pouched to the other OEEC capitals.

¹ None of these papers has been further identified.

pean Development Agency, which Maudling had omitted in his brief paper, in new terms of reference for WP 23, but lost in obtaining agreement in principle to establishment of agency. Eleven were definitely in control of discussion on possibility of provisional agreement by using delaying tactics, but Six have satisfaction of having introduced idea which will undoubtedly be of major importance later and on which Rey agreed to produce document. The more mature of the eleven took considerable satisfaction in seeming eagerness of representatives of EEC to avoid what eleven claim would be discrimination after January.

4. For the moment, therefore, danger of tragic break off followed by recriminations has been avoided and normal atmosphere of continuing negotiations resumed. For the future, in addition to willingness of eleven countries to make compromises which seem inevitable, key to situation rests with ability of Six to arrive at an agreement on a negotiable document, which of course, means the ability of five to persuade France. Question remains how French desire to avoid responsibility for splitting Europe can be reconciled with French political difficulties in selling FTA to patronat and Parliament. Long CIG meeting scheduled for October crucial.

Burgess

33. Editorial Note

A ministerial meeting of the Organization for European Economic Cooperation was held in Paris July 28-30.

Under Secretary of State for Economic Affairs C. Douglas Dillon, who was to have been the U.S. representative at the meeting, was unable to attend, and Ambassador W. Randolph Burgess took his place. Other members of the U.S. Delegation included Assistant Secretary of the Treasury Laurence B. Robbins; Director of the Office of Economic Affairs (USRO) John G. McCarthy; B.E.L. Timmons, Director of the Office of European Regional Affairs, Department of State; John M. Leddy, Special Assistant to Under Secretary Dillon; and other officers from the Department of State and the Mission at the European Regional Organizations.

The discussion at the morning session, July 28, was summarized in Polto 376 from Paris, July 28. (Department of State, Central Files,

840.00/7-2858) Discussion at the July 28 afternoon session and the July 29 morning session was summarized in Polto 396 from Paris, July 29. (*Ibid.*, 840.00/7-2958) Also discussed at these sessions was the request by the Turkish Government for financial assistance from the other OEEC member nations. A summary of a press background statement given by Ambassador Burgess on July 29, in which he said that the meeting was harmonious and a large measure of agreement was reached on all points, was included in Polto 416 from Paris, July 30. (*Ibid.*, 840.00/7-3058) Agenda, minutes, and other documents relating to these sessions are *ibid.*, OEEC Files: Lot 62 D 46.

34. National Intelligence Estimate

NIE 20-58

July 29, 1958.

THE OUTLOOK FOR WESTERN EUROPE

The Problem

To estimate the outlook for Western Europe, with special emphasis upon its principal problems and role in world affairs.

Conclusions

1. Our ability to foresee the course of events in Western Europe over the next ten years is obviously restricted by many uncertainties and imponderables. The development of the current Middle East crisis and of the French situation could have a profound and immediate effect. More generally, the extent to which the USSR is willing, or appears to be willing, to negotiate will influence Western European thinking. Finally, the diplomatic and military posture of the US and the skill with which it adjusts its policies toward Western Europe to changes in that area will

Source: Department of State, INR-NIE Files. Secret. A note on the cover sheet indicates that NIE 20-58 was concurred in by the Intelligence Advisory Committee on July 29. Concurring were the Director of Intelligence Research, Department of State; the Assistant Chief of Staff, Intelligence, Department of the Army; the Director of Naval Intelligence; the Assistant Chief of Staff, Intelligence, USAF; the Deputy Director for Intelligence, The Joint Staff; and the Atomic Energy Representative to the IAC. The Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of his jurisdiction. Not printed are the cover sheet, the table of contents, and a 12-page "Discussion" section.

greatly affect both its own position in Europe and the strength of the free world as a whole. (Para. 62)

2. Western Europe is generally prosperous, and the outlook is favorable for continued economic growth, barring loss of Middle East oil or prolonged adverse economic conditions in the US. Moderate leaders will probably continue to dominate political life in most European countries. Extremist groups will probably continue to be held in check, although Communists will be able to exercise significant influence over voters in France, Italy, and Iceland and, because of their position in organized labor, will retain a disruptive potential in these and other countries. (Paras. 10, 13–17)

3. France is a major exception to the general political picture. Under the leadership of de Gaulle, France is now engaged in a profound reorganization of its political institutions and is attempting to resolve the Algerian problem.¹ We rate his chances as somewhat better than even of surmounting the present crisis in France and thus preserving a republican form of government. If de Gaulle should fail, his most probable successor would be an authoritarian regime of the right, and there would be a prolonged period of serious unrest and possible civil strife with far-reaching consequences for France's position in Europe and NATO. (Paras. 19–24)

4. One of Western Europe's most difficult problems is its adjustment to the decline of its authority and influence in less developed areas. This process, in addition to creating serious economic problems, confronts Europe with difficult political decisions concerning the remaining colonies. Many European leaders are seeking to develop new relationships with remaining colonial territories and other less developed areas in order to save some of their political and cultural influence and to secure sources of raw materials and export markets. However, the European colonial powers will make every effort to retain political control of certain overseas territories, a course which will almost certainly have adverse effects on their relations with the Afro-Asian world and will probably produce strains within the Western alliance. (Paras. 23–25)

5. In the past decade, Europe has made marked progress toward greater unity, especially among the "Six"—France, West Germany, Italy, Belgium, Luxembourg, and the Netherlands—which ratified the Common Market and EURATOM treaties in 1957. Although we believe that Europe will continue to advance cautiously toward wider use of integrated institutions, there are difficult problems that must be over-

¹ See SNIE 71–58, "France and North Africa," dated 29 July 1958, for a discussion of the Algerian problem. [Footnote in the source text.]

come, including those of coordinating economic policy among countries that have relaxed restrictions on trade and of establishing satisfactory relations between the "Six" and the other eleven OEEC countries. The negotiations for a Free Trade Area pose a difficult immediate problem. We believe that the momentum toward integration will be sufficient eventually to overcome these problems and to avert any danger of a serious split in Europe. However, the next few years will probably see a period of consolidation rather than the creation of new major supra-national institutions. (Paras. 27–31)

6. Many European leaders, while not questioning the need for NATO and for continued close relations with the US, have become concerned about their dependence on the US. To many the national or regional development of advanced weapons systems appears the only practicable way to achieve a greater degree of independent military power. The UK, with its thermonuclear weapons, is well along this path; we believe France will start by testing its first fission weapon by late 1958 or early 1959 and that unless a substantial disarmament agreement is reached West Germany and other NATO powers will in due course follow suit, either on a concerted basis or unilaterally.² US transfer of nuclear weapons to integrated NATO control might for some time avert the initiation of separate European nuclear weapons programs other than that of the UK and a limited French program. (Paras. 33, 37, 38, 43, 46, 47)

7. Western European leaders remain convinced of Soviet hostility to the West and are therefore determined to maintain collective military power adequate to restrain the USSR from aggression. Nevertheless they believe that their best hope of survival is to explore fully every opportunity for relaxing tensions. Thus Western European security policies will be tied to the progress of East-West negotiations, even though none of the European governments expect that negotiations will in the short run arrive at any acceptable basis for disengagement or general disarmament. The German problem remains crucial to any long range settlement in Europe. (Paras. 49, 50, 55, 56)

8. We believe that over the next ten years the general trend of Western European efforts will be toward the further reduction of national barriers to collective action and toward a more independent role in world politics. A trend toward a stronger, more self-reliant Europe will tend to alter the relationships within the North Atlantic Alliance. Increased European unity would strengthen the overall position of the West. At the same time it would encourage the development of a politi-

² See NIE 100–2–58: "Development of Nuclear Capabilities for Fourth Countries: Likelihood and Consequences," dated 1 July 1958, for a further discussion. [Footnote in the source text.]

cal “third force” which would seek more energetically than either of the great powers to establish the means and modes of coexistence. Nevertheless, we believe that the essential concept of an Atlantic Community based on close ties between the US and Western Europe will probably remain unimpaired. (Paras. 63, 64)

[Here follows the “Discussion” section.]

35. Letter From J. Robert Schaetzel of the Office of the Secretary of State’s Special Assistant for Atomic Energy and Disarmament to the Representative at the European Coal and Steel Community (Butterworth)

August 14, 1958.

DEAR WALT: We have now reached the end of the Euratom hearings¹ road and while the memory is fresh I thought it useful to set down a few of the more vivid impressions of the events of the last two and a half weeks. This informal account will supplement the telegrams and other material sent you.

The curious and frustrating aspect of the hearings is that most of our difficulties were not related directly to the Program but to other considerations. First, we were late in getting the program up to the Committee. This lateness was in large part due to the internal squabble over the safeguards issue (which in turn was largely unrelated to the Euratom Program) and to complete the irony was the subject of profound uninterest to the Committee. Second, by the greatest ill-luck we managed to have the Euratom Program before the Committee at the very time when they were infuriated by the treatment given by the Administration to the unanimous recommendations of the Joint Committee with respect to the domestic nuclear power program. Third, there were the factors of the exceedingly bad relations which presently exist between the Joint Committee and the Atomic Energy Commission.

The latter point is so important that it deserves a further word or two. As you well know the Program which was put before the Congress

Source: Department of State, EUR/RPE Files: Lot 70 D 351, Congressional Confidential.

¹ The hearings began on July 22 and concluded on August 13.

was in certain ways a miracle of staff work, both American and European. The Program outlined in more detail, I think, than any of us would have expected to be possible, the nature of the Program and how it should be put together. But the Committee is so distrustful of the AEC that they are unwilling to accept the Program as the best that could be prepared in the time available and looked upon it with suspicion and construed general references as an attempt to hide the details from them.

On the part of Senator Anderson particularly this suspicion of Administrative motives and intentions spilled over to Euratom and he expressed continual doubt as to the Community's financial integrity and its political responsibility and in a sense left the impression that he viewed the entire entity as a potential deadbeat. The important point, however, is that these allusions to Euratom were distinctly secondary to the suspicion of the AEC and the Administration. The amended enabling legislation reflects this and the difficulties which this legislation create will be for the US in administering the Program and not in posing new problems for the Europeans.

We all came away with one conclusion: It is indispensable that an atmosphere of mutual respect and confidence be rebuilt between the Joint Committee and the Administration. Initially, this is something which the AEC must do with the Joint Committee, but it also will involve a special effort on the part of the Administration as a whole in its relations with both the Committee and the Congress. To meet the doubts expressed regarding the nature and durability of Euratom itself USEC will have to make a special effort to report fully on all aspects of Euratom's development, both with respect to the Joint Program and its other activities. These reports should be in a form that will allow them to be transmitted regularly to the Joint Committee for its information. The visit of members of the Committee to Brussels in September and the Armand visit to Washington in mid-October should be helpful in this connection.²

You will find that the hearings, the Committee Report and the legislation have the net effect of Congressional support of the Joint Program as it was worked out in Luxembourg. But the enabling legislation and the legislative history that has been created will enable members of the Joint Committee to state that they have not irrevocably committed themselves to this Program and that continued Congressional support of it will be dependent upon further information on progress made under the Program. This legislative history is particularly important in view of

² No documentation concerning the visit of the Joint Committee on Atomic Energy to Brussels has been found in Department of State files. Armand's visit to Washington in mid-October was cancelled.

the lack of confidence now existing which I mentioned above. This is not to say that I expect Congress to renege on the Program but rather to suggest that if we are to move quickly and smoothly ahead with it this will only be accomplished if we handle skillfully our relations with the Joint Committee.

One of the disappointing aspects of the hearings was the almost total lack of interest by the Committee in the political overtones or the political potential of this Program despite the fact that they are professional politicians. Their nerves were dead in terms of transferring their political experience to the problems which Euratom has as a new institution, fighting for its life against national states. The Committee, while accepting our assertions, appeared to care little about the contribution the Program promises to make to the cause of European integration. There was no interest whatsoever shown in the French nuclear weapons program, the relationship of the Euratom Program to it or where the Germans may eventually go into this field. In some side discussions, not recorded in the hearings, the consensus of the Committee seemed to be that if they were in the shoes of the French they too would be pushing ahead with nuclear weapons development.

I do not know what can be done to kindle some further interest in the political aspect of the Program. One thing which should be done, in my view, would be to involve the Foreign Relations and Foreign Affairs Committees more directly in the matter than has been the case so far.

One other warning emerges from the hearings and that is that the Euratom Commissioners in their contacts with members of the Joint Committee both in Brussels and the United States, must be prepared for detailed questions on the technical and economic aspects of the Joint Program, as well as the Community's other activities. A broad-brush political response to questions will at best bore the Committee and at worst confirm the suspicions of certain members that there is really no substance to Euratom. Obviously one way of preparing Euratom for this situation would be for them to read the hearings. This suggestion is not without its element of danger, of course, for as Max Kohnstamm said, portions of this record are sufficient cause for a declaration of war by Euratom on the United States.

In anticipation of favorable Congressional action literally hours before adjournment I can only say that my personal reaction is that we have the substance of victory with none of the flavor of victory. This reaction is probably because I have been too close to it and perhaps I do not fully accept yet the inherent price one pays for the democratic process. Certainly favorable Congressional action on a complicated program of this magnitude at such a late date in the Congressional year, given the existing relations between the Executive and the Congress, is a remarkable achievement. In no small part this is due to Jack Floberg's masterful

testimony. He was skillfully supported by Mr. Dillon—at no small sacrifice given the other crises which were upon his shoulders during those weeks.

Now all we have to do is organize the Program and get those damn reactors built.³

Yours sincerely,

J. Robert Schaetzel⁴

³ In Senate Concurrent Resolution 116, August 20, Congress gave full approval to the International Agreement between the United States and EURATOM and to the bill enabling the United States to begin detailed planning with EURATOM on the implementation of the joint program. For text of the concurrent resolution, see 72 Stat. B22.

⁴ Printed from a copy that bears this typed signature.

36. Telegram From the Embassy in the United Kingdom to the Department of State

London, October 23, 1958, 1 p.m.

2220. From Dillon. During my talk with Macmillan accompanied by Ambassador Whitney the Prime Minister said he wanted to discuss the free trade area. The Prime Minister spoke from a memorandum and said that his views represented those of his cabinet colleagues. He said he felt the French had not been negotiating in good faith since last year for a number of reasons among them the pressure of the patronat on De Gaulle. He hoped that De Gaulle would be less subject to this influence after the election.¹ He said it was obvious that no agreement could be reached on FTA prior to January 1 and that UK Government had considered very seriously what to do. They had reached conclusion that they should continue negotiations as at present and had put aside the two alternatives of negotiating provisional agreement or of breaking off negotiations and organizing a counter movement. They hoped that six would extend the 10 percent cut in tariff to all other OEEC countries.

Source: Department of State, Central Files, 440.002/10-2358. Secret; Priority. Repeated priority to Bonn and to Paris for USRO. Dillon was in London on the last leg of a 5-week trip that took him to 10 countries in Europe, North Africa, and the Near East.

¹ The French general elections for the National Assembly were held in late November and the Presidential elections on December 21.

Macmillan then said he felt that the De Gaulle letter² had a bearing on this subject and that De Gaulle was definitely using this trick in bargaining with the British on the FTA. It seemed that his price for accepting the FTA would be UK and US acceptance in some form of the principle of the De Gaulle letter.

In answering Macmillan I told him we welcomed British decision to continue negotiations as we felt that this was the right course. I told him that extension of the 10 percent cut to OEEC members only would cause us real difficulties in the GATT unless it took place as part of a definite planned creation of the FTA. Macmillan replied that he understood this and he agreed that there should be some sort of agreement accepting FTA in principle and labelling any cut in tariffs as first step towards eventual full implementation of FTA.

I also said that in my view agreement could only be reached on FTA in bilateral conversations between Macmillan and De Gaulle since other French negotiators would never have adequate authority to reach compromise agreement. Macmillan agreed that French negotiators had no authority and seemed to accept fact that he would have to settle matter bilaterally with De Gaulle at appropriate time, possibly with US assistance in view implications De Gaulle letter.

In talking about the FTA Macmillan was very firm in saying that the British would not go down without a fight. He definitely included the Germans with the French in this [*1-1/2 lines of source text not declassified*]. He said that rather than accept such a situation UK would organize a counter movement of their own and would have to reevaluate her position in NATO.

Whitney

² De Gaulle's letter of September 17 to President Eisenhower, a copy of which was sent to Macmillan, dealt with de Gaulle's proposal for a restructuring of NATO. For text, see Part 2, Document 45.

37. Current Foreign Relations

Issue No. 43

October 29, 1958.

NORTHERN EUROPEAN CHIEFS OF MISSION MEET¹

At a meeting in London this month our Chiefs of Mission in the British Commonwealth and Northern European countries reviewed the political and economic situation in each country in the area. They received an evaluation of current Soviet policy and strategy from our Ambassador in Moscow and heard briefings on the Far East, European integration and the Free Trade Area, and Middle East development. In addition, they discussed current NATO military-political problems, the Icelandic fisheries problem and a second conference on the law of the sea. The following were the principal conclusions of the discussions:

Canada—Recent developments in Canadian domestic politics and foreign policy make it clear that United States relations with Canada cannot be taken for granted. Future United States-Canadian difficulties may be more political than economic since the principal economic frictions have receded. However, there is a considerable protectionist attitude in the Canadian Government and some Canadian anxiety about the extent of United States control over the Canadian economy. Politically, Canada feels it necessary to assert independence from the United States, and the Conservative Party is sentimentally attached to the United Kingdom.

Denmark—The Danish political situation is stable with the Social Democrats and their allies in power probably until 1961. Denmark's monetary contribution for defense and therefore its support of NATO is less than it can afford but is not likely to be increased. Denmark's support of our foreign policy is generally good, and Denmark's provision, without charge, of base rights to the United States in Greenland and facilities in the Faroes Islands is of inestimable importance. Denmark regards our attitude toward Communist China as illogical, believing that the Chinese Communist regime should be admitted to the United Nations and recognized by the United States.

Finland—Finland is independent, anti-Communist, anti-Russian, and pro-western, but its proximity to the USSR forces the Finns in inter-

Source: Department of State, *Current Foreign Relations*: Lot 64 D 189. Secret. *Current Foreign Relations* was a weekly classified periodical circulated by the Executive Secretariat of the Department of State to offices in the Department and diplomatic and consular posts abroad.

¹ The meeting was held October 6–8. An agenda for the meeting, a list of participants, and other preparatory papers are *ibid.*, Central File 120.1441. No other record of the discussion at the meeting has been found.

national affairs to keep out of big power disputes and take a neutral position. The present coalition government could well last for two or three years if it can survive economic difficulties this winter. Finland would like to join a Scandinavian customs union as a stepping stone to the Free Trade Area. Inability to join a Free Trade Area, if it is formed, would mean increased economic dependence on the USSR.

Iceland—The fisheries dispute dominates Icelandic politics, and the present three party coalition including the Communist-front Labor Alliance is held together by the reluctance of all three parties to face elections in the light of the fisheries issue. The Conservative opposition fully supports the 12-mile fisheries limit. In the light of the Icelanders' present temper, there is no prospect of fruitful negotiations on the fisheries dispute. A temporary, tacit *modus vivendi* might be effected if the present cat-and-mouse tactics at the 12-mile limit could be called off. The general economic situation in the country has deteriorated during the past year, and all parties will seek markets and financial assistance from any quarter, including the USSR, with consequent danger to our base rights.

Ireland—Ireland is basically anti-Communist. Ireland's leaders are sensitive and are isolated from world problems, a condition aggravated by Irish neutrality and the fact that the United States often appears to ignore Irish views. The Irish military is pro-American and pro-western, and it hopes for our aid and training.

Norway—In Norway the Labor Party has been in power for over 20 years except for a coalition government during the war, and there is no real alternative to a Labor Party government. In foreign affairs, while the Norwegians firmly support NATO they strongly desire a reduction in tensions and favor positions permitting step by step progress in negotiations and the consideration of schemes for disengagement in Europe. [4-1/2 lines of source text not declassified] The Norwegians' distrust of military solutions makes them apprehensive of American activities and policies which may involve the use of force.

Sweden—Sweden's basic foreign policy is nonalignment and avoidance of involvement in a world war. [5 lines of source text not declassified] Sweden is deeply interested in the problem of disarmament and believes it essential that Communist China be admitted to the United Nations to allow stationing of inspection posts in China. This attitude comes in part from fear of atomic annihilation and a desire to avoid the necessity of enormous expenditure of funds for atomic weapons, which could then be devoted to social welfare programs. The Swedes believe that no effort at disengagement such as the Rapacki plan should be lightly disposed of.

United Kingdom—British-American relations are exceptionally close and are increasingly coordinated through working parties. The British people generally support this close working relationship, and

the only real disagreement is over our policy toward the Far East—i.e., Chinese representation, recognition of the Chinese Communists, and defense of the offshore islands. A potential problem for close United States-British relationship is the possibility that the Labor Party, in order to try to overcome the Conservative Party's present popularity, may take positions much more left-of-center on issues such as nuclear disarmament, bases and negotiations with the USSR.

Soviet Policy and Strategy—The principal aims of the Soviet people are a better standard of living and a relaxation of the controls over them by their leaders. The principal aims of the Soviet leaders are world domination, break-up of NATO and acceptance of the status quo in Europe. The recent more aggressive nature of Soviet action in the foreign policy sphere has been influenced by the Hungarian uprising. Khrushchev's efforts to gain support of the broad mass of the Soviet people have alienated smaller but influential groups and have thereby increased strains within the Soviet system. The United States should gain increased opportunities to make its influence felt by pointing up how little the Soviet people have been given by their leaders. An increased demand by the Soviet people for consumer goods and relaxation of controls, which would be in our interests, might well be stimulated by further expanding activities under the United States-USSR exchange agreement and the American exhibit of our science, technology and culture in Gorki Park next summer.

NATO Military-Political Problems—NATO is passing through a difficult phase. Because of stresses arising out of such disputes as Cyprus and Icelandic fisheries and the unwillingness or inability of many NATO countries to meet NATO's minimum force requirements, there are major problems to be overcome. Nevertheless, the wider political consultation taking place in NATO has proceeded well. The special close relationship between the United States and the United Kingdom presents problems for our relations with France and other NATO countries. It would be most helpful if there could be national acceptance of the concept of balanced collective NATO forces.

The Free Trade Area—Although some of the obstacles which have impeded progress on the Free Trade Area are in the process of being reduced, further concessions from all parties will probably be required before the Free Trade Area can come into effect. It is now recognized that this will probably not be possible by January. We favor the Free Trade Area on condition that it does not relax the impetus toward the Common Market and general liberalization of trade. We will try to be helpful but direct intervention and pressure are regarded as counter-productive. The Scandinavians basically appear to be most interested and favorable toward the Free Trade Area, but each has special prob-

lems and they have various degrees of interest in a Scandinavian Common Market as an alternative to, or avenue toward, the Free Trade Area.

Icelandic Fisheries—All the Scandinavian countries consider that the technical aspects of the Icelandic fisheries problem have been exhausted, and that what is required are political decisions. Time is running against us in Iceland. It is our position that a second law of the sea conference should consider territorial limits and fishing limits separately from other questions. Our Navy is interested in keeping narrow territorial seas. It prefers three miles but will possibly compromise on six.

[Here follow other articles on unrelated subjects.]

38. Memorandum of Conversation

Paris, November 12, 1958.

PARTICIPANTS

M. Jean Monnet
John W. Tuthill

SUBJECT

European Integration

Today at his apartment—before and after lunch—M. Monnet covered a number of subjects.¹

(1) *Common Market and January 1, 1959*

He stated that both Couve de Murville and Pinay had told him that France would go forward with its commitments under the Common Market on January 1 without recourse to the escape clauses. I asked him whether this decision was contingent upon “mutual aid” involving loans from Germany. He stated emphatically (several times in the course of the conversation) that this was not the case.

Monnet feels that from this decision many favorable developments will follow. On January 2, 1959, Europe will be different than today. An

Source: Department of State, Central Files, 840.00/11-1458. Confidential. Drafted by Tuthill. Transmitted to the Department as an attachment to despatch 867 from Paris, November 14, which briefly summarized its contents. Copies were sent to The Hague, Rome, Bonn, London, Vienna, Brussels, and Luxembourg with instructions to pass to Butterworth.

¹ Monnet was Chairman of the Action Committee for a United States of Europe.

irreversible step will have been taken. I told Monnet of the Alphand-Dillon conversation² relating to the French concern that American interest in the Common Market might be somewhat less strong than previously. I told him that personally I did not understand how the United States position in the GATT could be interpreted by senior French officials as reflecting decreased interest in the Common Market. Consistent with our trade legislation, and to carry out our own long-standing trade policy, we had suggested a new round of tariff negotiations. In addition, we had expressed our concern that certain small countries in Africa and Latin America largely dependent upon one or two agricultural products be given reasonable access to the Common Market areas. I said further that in our advocacy of the Common Market we had calculated that the forces at work would ultimately lead the Common Market along relatively liberal outward-looking lines and away from the concept of a tight, restricted area. With the departure of Maurice Faure and Robert Marjolin and others from the Foreign Office I was, however, becoming increasingly concerned by indications that protectionist influences had obtained the upper hand in the French government and that this might spell further difficulties not only for European countries not within the Common Market but for third areas as well. I mentioned to M. Monnet Wormser's statement to me that French acceptance of the Common Market should not lead anyone to believe that France was prepared to abandon protectionism and via the Free Trade Area or the GATT to proceed down the path of liberalizing trade in general.

M. Monnet avoided discussing the position of individuals in the French government on these issues. He did, however, state the firm conviction that the really significant development is the decision of the French government to move ahead with the Common Market without using the escape clauses. This decision would in his mind open the way for new competitive influences within the French economy. Already industry had started to adjust in anticipation of these conditions. Once January 2, 1959 had arrived and it was crystal clear that France would proceed on this basis, a new condition would be established. Increased competition would exist within the French economy and no longer would the protectionists be able to maintain excessively restrictive controls.

For the moment, M. Monnet seemed to believe that the liberalization in the OEEC and third country areas would be simply symbolic. He felt, however, that the action in the field of trade policy of the French government in the next few weeks or months was not as significant as

² Not further identified.

the fact that once launched upon the Common Market there would be no turning back. This would inevitably increase competitive influences in France not only from the other five countries within the Six but ultimately from outside countries as well.

(2) *Free Trade Area*

As for the Free Trade Area, M. Monnet stated that the first signs of understanding on the part of the British that he had seen was the statement by Macmillan which was reported in today's newspapers.³ The significance of the Macmillan statement as far as Monnet was concerned was the fact that Macmillan played down the tough talk of economic warfare, dismantling of OEEC and EPU, etc., and indicated instead that efforts would be continued to achieve some accommodation with the Common Market. Monnet was very critical of the position taken by Maudling and other British officials. He stated that the British had simply failed to understand that they could not split off France from the other members of the Common Market. He felt that the British statements of support for the Common Market did not ring true. Many of the British assumed that via the Free Trade Area the significance of the Common Market would be reduced. He felt that the British had failed to understand the political force of the will for building a new Europe. On the other hand he felt that the British, being realistic, would ultimately adjust themselves to the new circumstances which will exist starting January 2, 1959.

(3) *Monnet Proposals for Bilateral Negotiations*

I asked Monnet about his proposals for cessation of the activities of the Maudling Committee and the initiation of bilateral negotiations between the EEC and each of the 11 countries starting with the British. My specific question was whether via these bilateral negotiations he wished to achieve some kind of a Free Trade Area or a series of bilateral accommodations. Monnet stated that he hadn't thought out this aspect of the issue. He was primarily concerned with procedure and he was convinced that the OEEC type negotiation was hopeless. He favored therefore the examination of the problem as between the Six and each of the other countries bilaterally in order to determine precisely what problems existed. Only after such examination would one know whether an overall structure perhaps like the Free Trade Area or bilateral arrangements would be more appropriate. I attempted to press Monnet further on this point saying that it would seem to me that the implication of the bilateral approach was to seek bilateral accommodations rather than a new institution such as the Free Trade Area. Perhaps—or even prob-

³ Apparently a reference to Macmillan's statement on November 10 that he feared harm to Western unity if the Free Trade Area failed. (*The New York Times*, November 11, 1958)

ably—Monnet agrees with that point of view but at least he refused explicitly to admit it to me.

Monnet stated that he was concerned about the talk of bilateral UK-French negotiations. He had serious doubts concerning the advisability of such an approach. He strongly favored having the EEC negotiate directly with the British. He stated that the danger of UK-French bilateral negotiations was that "other problems" would be brought into the discussions. In his view the diplomats would bring in unrelated issues in an attempt to obtain an overall compromise. This, in his view, would be dangerous. (*Comment: Even without this consideration it is obvious that Monnet would prefer to have the EEC negotiate on behalf of all of the Six in order to strengthen that organization and give it more authority and standing. I believe however that in addition to this consideration he is seriously concerned with the possibility of irrelevant entanglements in the initiation of the bilateral UK-French negotiations at the present time.*)

(4) *Slow Rate of Progress Towards Integration*

Monnet continues to be concerned at the slow rate of progress towards integration in the west. He stated that if there were no war for twenty or thirty years possibly the current rate would be adequate. He desires, however, a more rapid rate in view of the progress being made in the Soviet areas and the ever-present Soviet threats. He felt that the British were more at ease in dealing with the Americans and Canadians but hoped that sometime in the future they would realize that they would have to behave as Europeans. When this moment arrived, Europe would be greatly strengthened and the danger of Soviet aggression considerably reduced.

(5) *Lippmann Articles*

Monnet talked of the articles concerning Lippmann's conversations with Khrushchev.⁴ He felt the first article particularly supported his own thesis and weakened Lippmann's. (That is—the Monnet thesis that Germany must be oriented and engaged with the west in every way possible as opposed to the Lippmann thesis of a neutral zone through the center of Europe.) He stated he was keeping the Lippmann articles for the day when he would see Lippmann again and point out to him that the Khrushchev conversation reveals the weakness of the Lippmann approach.

(6) *EURATOM*

Monnet mentioned EURATOM and stated that the British had not taken EURATOM seriously until the time of the US-EURATOM agree-

⁴ Not further identified.

ment. Up until that time they had assumed that they would not need to have any special arrangements with EURATOM but once the United States agreement was a reality their position changed immediately.

I asked Monnet whether he was familiar with the Belgian attempts to erect a 6% tariff against reactors without a waiver for the first five years. He stated that he had heard of it [*less than 1 line of source text not declassified*]. I told him that we had raised the matter with the Foreign Office [*1-1/2 lines of source text not declassified*]. He [*less than 1 line of source text not declassified*] stated that he would "look into the matter this afternoon".

(7) *Franco-German Relations and European Integration in General*

On November 8 Monnet had his seventieth birthday. On that occasion Etzel, the German Minister of Finance, came to Paris to award Monnet on behalf of Adenauer the highest award the German government can grant to a foreigner. Monnet stated that the little ceremony occurred in his office with Couve de Murville and Finet, head of the Coal and Steel Community, and one or two others present. He showed me the notes of the Etzel speech in which Etzel on behalf of the Chancellor greeted Monnet not only as a great Frenchman but also as a great European and stated that after the war Monnet had been one of the first to offer the hand of friendship to Germany. Now together the French and Germans had built a foundation which was firmly based. Monnet clearly had been greatly moved by this ceremony and told me that *nothing* must interfere with the recreated Franco-German relationship.

Again, he mentioned his view that much remains to be done. He stated, however, that today practically all Frenchmen supported this relationship and this was true "even of de Gaulle". Later he went further regarding de Gaulle. He stated that it was not at all unlikely that sometime in the future de Gaulle would take dramatic action aimed at strengthening the integration of Europe. I felt it inappropriate to press him on this point but he spoke with a feeling of conviction that the General was in the process of realizing that the future of Europe lay not in the individual sovereign states but in being an integrated whole. (*Comment: Perhaps the General is just bringing Monnet along, or perhaps Monnet is for his own reasons putting a very favorable interpretation on the General's point of view. Personally, however, I feel in the context in which Monnet commented on these possibilities that he genuinely believes that de Gaulle is getting away from concepts emphasizing primarily or solely national grandeur and may in fact sometime in the future create a new drive toward the Monnet dream of a federated Europe.*)

39. Editorial Note

The Intergovernmental Committee on the Establishment of a Free Trade Area met in Paris November 13–14 to continue its deliberations from July. Telegrams reporting on these discussions from USRO in Paris are in Department of State, Central Files, 840.00/11–1458. In Polto 1319, November 14, Ambassador Burgess characterized the tone of the meetings as “icy and unpleasant.” (*Ibid.*)

On November 14, French Minister of Information Soustelle announced to the press that “it was not possible to form a free trade union area as had been wished by the British, that is to say by having free trade between the six countries of the Common Market and the eleven other countries of the OEEC, without a common external tariff and without harmonization in the economic and social spheres.” Apparently no notice was given to the other members of the OEEC before the announcement was made. The text of Soustelle’s announcement is in *L’Année Politique*, 1958, page 482.

On November 17, Maudling told Parliament that, in light of the Soustelle statement, he was postponing the CIG meeting scheduled later that week and indicated that the British Government was entering into consultations with all governments concerned in an effort to clarify the situation. Maudling’s presentation, as well as the response in Parliament to it, are summarized in telegram 2713 from London, November 18. (Department of State, Central Files, 440.002/11–1858)

40. Memorandum of Conversation

November 21, 1958.

SUBJECT

The Impasse in Free Trade Area Negotiations

PARTICIPANTS

The Acting Secretary

Mr. Ernst van der Beugel, Netherlands State Secretary for Foreign Affairs

Ambassador van Roijen

WE—Mr. Cameron

RA—Mr. Black

AE—Mr. Walsh

In the course of his call on Acting Secretary Herter today, Mr. Ernst van der Beugel, the Netherlands State Secretary for Foreign Affairs,

stated that he was greatly concerned about the current impasse in the Free Trade Area negotiations. Although he did not wish to sound unduly alarmist about this matter, he felt that the potential consequences of a permanent breakdown would be very serious for the Western Alliance. He said that the Benelux countries were in full agreement about the necessity of developing an outward-looking Common Market. This coincided with the view of West Germany and, in large part, Italy. Unfortunately, France did not share this view. He felt that the French attitude was particularly regrettable because it so clearly underestimated the true economic strength of France. He added that it was not possible to explain in economic terms why the French would be prepared to accept within the EEC the competition of German industry and still be unwilling to accept the competition of a far less significant industrial country such as Switzerland.

He stated, however, that the current impasse was not particularly surprising. The efforts at integration in Europe involved very great problems for all of the countries involved. It had seemed probable to him that a point of crisis ultimately would be reached which could only be resolved by high-level discussions and high-level political decisions. This point was now at hand.

He said that personally he was not particularly impressed by the significance of the date of January 1, 1959, in arriving at a definitive decision to fuse the European Economic Community with some form of a Free Trade Area. On the other hand, he did feel that it was imperative to get the negotiations resumed and to work out some form of a transitional arrangement between the EEC and the other OEEC countries. In this respect he was not sanguine about the prospects of the provisional proposal advanced by Benelux to extend the EEC tariff reduction and quota arrangement to the other OEEC countries and the tariff reduction to GATT. He felt that extending the quota arrangements to the other OEEC countries probably would be unacceptable to the French because of the implied recognition of a Free Trade Area.

The political consequences of a split between the EEC and the rest of the OEEC countries could be great. He felt that such a split could endanger much of the accomplishments of the postwar period, including NATO and the OEEC. Furthermore, he doubted that a restrictionist EEC could long survive.

Mr. van der Beugel went on to express considerable perturbation over the developing course of French-German relations. He felt that all should be grateful that Chancellor Adenauer has made such a determined effort to bring about a French-German rapprochement. Great progress has been made in this direction but he feared that the French were pushing the Germans too hard, particularly in respect to the FTA issue. In his opinion an inward-looking Common Market was contrary

to basic German interests. If the French forced German acquiescence in this respect, he feared that German industrial leaders ultimately would rebel with potentially dangerous consequences to French-German relations.

Mr. van der Beugel recognized the significance of the November 26 meeting between General De Gaulle and Chancellor Adenauer.¹ He said that the Netherlands Government feared that the Chancellor might at this meeting again grant undue concessions to the French viewpoint on the FTA in an effort to conciliate the French. The Netherlands Government, he added, had for some time felt that the most efficacious American role in the EEC-FTA problem might be found in an attempt to influence the Chancellor to take a fairly strong line with the French in respect to the need for a liberal orientated Common Market.

The Acting Secretary stated that this Government was very much aware of the importance of the issues involved in this matter. He said that it was difficult to visualize how we could be helpful at this time except by urging moderation and trying to help to get the door open for further negotiations. He assured Mr. van der Beugel, however, that the United States position in this respect is under constant review.

The Acting Secretary went on to say that he had been struck by the personalized interpretation of the current impasse which had been given to him by M. Louis Joxe, Secretary General of the French Foreign Office. In a conversation on the previous day,² M. Joxe seemed to take the position that the basic reason for the current impasse was the rigidity and negotiating inadequacies of Mr. Maulding, the British Postmaster General. This interpretation, he added, was not in full accord with his own understanding of the facts.

In reply, Mr. van der Beugel said that he understood the Department's caution in respect to intervening in the current dispute. He sup-

¹ French Ambassador Alphand reported on the November 26 de Gaulle-Adenauer meeting in a conversation with Secretary Dulles 2 days later. According to Alphand, de Gaulle and Adenauer "had agreed that they must uphold the Common Market idea for both political and economic reasons. They want, however, to avoid a conflict with the UK and other members of the OEEC. They hope that measures they will propose will be helpful and that time will be available to arrive at a solution. They had agreed that Hallstein would handle this task." In answer to a question from Dulles, Alphand said that "it was his understanding that the French proposal would provide for extending the ten per cent Common Market reduction on January 1, not only to the other OEEC members but also to all GATT members." (Memorandum of conversation, November 28; *ibid.*, 440.002/11-2858) On the same day, German Embassy representatives in Washington provided the Department of State with a similar, but more detailed briefing on the de Gaulle-Adenauer talks as they pertained to European integration. This information was summarized in circular telegram 698 to certain European posts, November 28. (*Ibid.*)

² A memorandum of the conversation between Herter and Joxe on November 20 is *ibid.*, 440.002/11-2058.

posed that the “Ghost of the EDC”³ could still be sensed in the Department’s halls. However, he felt that the Department should take cognizance of the fact that the friends of trade liberalism within the EEC were in rather desperate need of assistance. In respect to M. Joxe’s causal interpretation of the current impasse, he said that it did not coincide with the views of the Netherlands Government. The Netherlands Government believed that Mr. Maulding had exhibited a very high degree of patience and skill during the past 18 months of frustrating negotiations with the French.

³Reference is to the rejection of the European Defense Community Treaty by the French National Assembly on August 30, 1954.

41. Telegram From the Department of State to the Mission at the North Atlantic Treaty Organization and European Regional Organizations

December 12, 1958, 5:33 p.m.

Topol 2020. Paris pass Embassy for info. Brussels and Luxembourg for USEC and Embassies. USRO deliver McCarthy and Timmons by nine AM Dec 13. Polto Circular 21 and Topol 1941.¹

1. At OEEC Ministerial Meeting and in related bilateral conversations USDel should be guided by following points:

A. US should continue leave to Europeans initiative in debate and avoid specific comment either on details interim actions by Six or on future negotiating procedures which would put US in position of taking sides. Must use utmost care to avoid any impression that US getting out in front of Europeans this issue.

Source: Department of State, Central Files, 840.00/12–958. Confidential; Priority. Drafted by Myerson, cleared with various offices in the Department of State, and signed for Herter by Dillon. Repeated to 17 European posts and Ottawa.

¹Polto Circular 21, December 9, announced that the OEEC Ministerial Meeting was definitely scheduled to open December 15 and the proposals of the six Common Market countries would be circulated that day. (*Ibid.*) In Topol 1941, December 8, the Department of State gave its preliminary assessment of the proposed OEEC Ministerial Meeting. (*Ibid.*, 840.00/12–658)

B. Should do what is practicable to urge moderation and restraint on all parties both with respect *modus vivendi* and with respect further study and negotiation question eventual association between Six and Eleven.

C. Should make clear continuing US support for six-country movement; indicate recognition concerns of Eleven; express hope that interim actions of Six will gain time and facilitate consideration long-term problem.

D. Should emphasize need for EEC and OEEC countries in future consideration this problem to take full account trading interest entire Free World. FYI—Due fact that new proposals may involve preferential arrangements inconsistent GATT and injurious trade interests US and other non-European countries present situation involves major risks. Consequently US must exercise caution avoid appearance that in eagerness deal with political problem of association between Six and Eleven it is prepared make significant concessions on trade side. End FYI.

2. Separate message² contains draft statement which USDel in its discretion may use at Ministerial meeting. Due sensitivity present situation you may wish inform key dels of line US statement will take. You of course authorized make no statement if seems best.

Herter

²Text of this draft statement was contained in Topol 2021, December 12. (*Ibid.*, 840.00/12-1258)

42. **Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State**

Paris, December 15, 1958, 8 p.m.

Polto 1695. Department pass Treasury. Subject: Report on OEEC Ministerial Meeting, December 15, 1959—morning session.

1. In moderate opening statement, Maudling emphasized CIG progress in finding common ground despite points of principle still not agreed. Admitted failure achieve Free Trade Area Agreement by design-

Source: Department of State, Central Files, 840.00/12-1558. Official Use Only; Priority. Pouched to the OEEC capitals.

nated date. In his view, current need is Council reaffirmation of "political will" to secure multilateral association between Six and remaining members of OEEC.

2. Conciliatory tone set by Maudling characterized morning session, with obvious desire by both Six and Eleven to avoid dramatization of January 1 as breakdown of negotiations.

3. Sweden (Lange) thought that Ministerial Council should: (1) Reaffirm Council resolution of October 17, 1957;¹ (2) Agree to negotiate for multilateral association of Six and Eleven within framework of OEEC; (3) Agree to meet again on April 1, 1959 (Norway and Denmark supported Swedish proposal); and no one objected (thus suggesting prior agreement of Eleven).

4. France (Couve de Murville), speaking for Six, met Swedish initiative with draft proposal reaffirming Council's intent to secure a multilateral association within the framework of the OEEC and to meet again at ministerial level at unspecified date to be settled in afternoon session.

5. Expect that afternoon session will bring out differences between Six and Eleven.

Burgess

¹ See footnote 1, Document 8.

43. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, December 16, 1958, 2 p.m.

Polto Circular 25. Reference: Polto 1695.¹ Subject: OEEC Ministerial meeting December 15—afternoon and night session.

1. Following are highlights of very tense meeting marked by head-on British-French conflict which was finally compromised temporarily only after pleas other OEEC members to avoid disastrous breach in Europe.

Source: Department of State, Central Files, 840.00/12-1658. Confidential; Priority. Transmitted in two sections. Repeated to Brussels for USEC.

¹ Document 42.

2. Erhard described interim proposal of six contained C(58)263, December 8.² Only new element was statement most of six prepared consider reduce tariffs on liberalized agricultural products.

3. Couve de Murville outlined measures France prepared to take as 40 percent reliberalization, increase quotas in formerly liberalized zone (40 to 82 percent) by 20 percent, and fulfillment interim proposal of six. Pointed out only difference in French treatment of six and eleven lay in establishment for six of quotas at 3 percent of national production where existing quotas lower than this level. Expressed regret that France could not do more at present.

4. Many of eleven expressed dissatisfaction regarding proposal of six primarily on grounds it does not entirely eliminate discrimination. Eccles implied UK willing accept tariff discrimination; however, UK found proposal of six on quotas unacceptable. It would result in serious discrimination against eleven—particularly on part of France. Others of eleven also expressed opposition to unilateral character of offer, fact would involve tangle of bilateral negotiations, and provided little for agriculture.

5. UK, in major step, proposed that six globalize to all OEEC countries quota increases called for on January 1 by Rome Treaty. UK would do same with possibility some minor exceptions and even consider similar action regarding agricultural products if six also moved in this field.

6. After recess to allow time for six to consider British proposal, six proposed draft resolution (CES/8.157): (1) Recommending adoption interim proposal of six, (2) Calling attention to needs of FPCS [LDCs?] and agricultural countries, and (3) Asking UK submit in writing its "proposals concerning extension trade in field small or non-existing quotas."³

7. Eccles said eleven agreed that interim proposals of six were unacceptable and CES/8.157 added nothing new. Reasonable that six need time study UK offer, but period from now until January 1 sufficient. Said that country (obviously France) which has not liberalized 90 percent not entitled by code to discriminate. If such member of six were to institute discriminatory trading arrangements, UK would feel it necessary make corresponding adjustments in commercial policy toward that country to protect British trade.

8. Couve de Murville said unexpected statement from UK changed situation. France could not consider negotiating under threat.

² Not found in Department of State files.

³ This draft resolution was further analyzed in Polto A-417 from Paris, December 22. (Department of State, Central Files, 840.00/12-2258)

Therefore, France withdraws support from resolution proposed by six and from French draft proposal on permanent solution reported paragraph four reference telegram in such context, could not approve text otherwise acceptable. Erhard said situation must be described as tragic. Called attention to stakes involved. Both sides must avoid rash action. Said while Germany willing to accept UK proposal, it needed objective consideration by six.

9. After recess to allow private talks, Heathcoat Amory (in chair) said he impressed by amount of good will to find solution and shortage of time before January 1. Therefore proposed adjournment until January 15 promising UK would take no action in meantime. UK (repeating previous Erhard suggestion) proposed resolution instructing Steering Board for Trade study UK proposal in meantime.

10. To astonishment of meeting, Couve de Murville said situation unchanged. Impossible France accept this resolution or any other in this context. Erhard emotionally stated he could not agree with Couve de Murville that situation had not changed. He interpreted new British position to be devoid of threat. To refuse even consider British proposal would be catastrophic. Erhard then said he would be grateful if US representative would indicate US views this situation. Many pleaded with French not to take firm decision that would rupture Europe.

11. Couve de Murville's adamant position not supported by any one. Others of six and most of eleven asked France to reconsider and accept British proposal. Couve de Murville acknowledged France isolated, which arose from fact that France only country against which retaliation threatened, but did not alter position.

12. Rey (EEC Commission) proposed simple adjournment until January 15 with no resolution or instructions re interim consideration. Eccles made conciliatory statement to effect that UK not only would take no action prior January 15, but would make no decision now on action in event satisfactory solution not found at January 15 meeting. Couve de Murville said France could approve only procedural resolution on date next meeting.

13. Ministerial Council compromised on adjournment with decision in minutes that ministers wish permanent delegates make appropriate arrangements for interim study of UK proposal in preparation January 15 meeting.

14. Procedures for subsequent consideration permanent solution (left hanging in morning session) never returned to. Also no explicit decision whether any or all of interim proposals of C(58)263 would be implemented.

15. US representative (McCarthy) judged it best not intervene considering it wise give Europeans adequate opportunity solve problem

themselves and desiring reserve US intervention in case needed prevent total breakdown negotiations.⁴

Burgess

⁴ A more detailed report on the discussion at the morning and evening sessions of December 15 was sent to the Department of State in Polto A-412, December 20. (*Ibid.*, 840.00/12-2058) A meeting of the heads of delegation was held in Paris on December 19 to make arrangements for the Ministerial Council meeting on January 15, 1959. A brief report on the heads of delegation meeting was contained in Polto Circular 26 from Paris, December 19. (*Ibid.*, 840.00/12-1959)

44. Telegram From the Mission at the European Coal and Steel Community to the Department of State

Luxembourg, January 6, 1959, 6 p.m.

Colux 130. Paris also for USRO. Brussels also for USEC. The integration movement of the community of Six has entered the New Year with a demonstration of underlying strength and cohesiveness and with prospects for continued development and growth.

The entry into force of the first tariff and quota reductions required by EEC treaty, while not in any way unexpected, take on added significance against background of the preceding conflict over ETA. The stresses engendered within the community by this conflict and its concomitant antagonisms, threats and enticements have been substantial. The way in which Six have hung together in these circumstances and have gone ahead to carry their treaties into full operation should be viewed as evidence of resiliency and vitality of community integration movement.

While impact on integration of financial and trade measures adopted at end of 1958 will undoubtedly be far-reaching, the direction of various forces set in motion is more difficult to evaluate. Following are some tentative first reactions to these developments.

Source: Department of State, Central Files, 840.00/1-659. Confidential. Transmitted in two sections. Repeated to Bonn, The Hague, London, Rome, Stockholm, Copenhagen, Oslo, Bern, Paris, and Brussels.

(A) The general move to limited convertibility, led by UK,¹ provided the opportunity for French to fit their projected devaluation and measures of economic stringency into the framework of a broader system of financial actions.² Of greatest significance is fact that the devaluation was accompanied by measures of internal austerity and extensive liberalization to OEEC area and to lesser extent to dollar area. These measures represent at least temporary dominance in French economic affairs of conservative and orthodox school led by Pinay and Rueff in sharp distinction to the apologists for French protectionism who have hitherto been in forefront.

(B) French devaluation is also attributable in part to coming into play of EEC treaty and long recognized need for adjustments in order to meet potential increased competition in French market and take advantage of opportunities opened up within broader common market.

(C) To extent that these liberal trade and financial measures are carried through successfully the prospects for common market will be profoundly affected. Danger that France would impose a protectionist high cost policy on whole of common market would be markedly reduced, although in my opinion this danger has never been as great as opponents of common market would suggest. There has been a tendency on part of opponents to underestimate the countervailing influence of Dutch, German and Belgian interest and policies on emerging common market and indirectly on future evolution of French policy. A sound French currency and liberal French trade policy, however, could have wide ramifications in favorably influencing such aspects of common market as external tariff, common commercial policy, agricultural policy and anti-cartel provisions, which remain to be worked out.

(D) With regard to dispute between Six, UK and other OEEC countries, the French action, as noted by Embassy London, removes the legal prop employed by UK and others in charging discrimination and division on part of Six. It can also be expected to weaken the pressure in countries outside Six for an OEEC wide arrangement of scope and character comparable to proposed FTA, since their ability to enter the markets of Six (i.e., France) has been improved and French action will be regarded as reducing the danger of a highly protected common market.

Moreover, whole rationale of a future OEEC wide trade and payments system is placed in question by institution of a limited convertibility for major European currencies. The US for example supported EPU and European trade liberalization as a step toward global multilateral trade on a non-discriminatory basis at a time when non-transferability of European currencies and bilateral trade arrangements were choking economic progress and the EPU proved outstandingly successful within this framework. With advent of non-resident convertibility

¹ On December 27, 1958, the British Treasury announced that as of December 29 sterling held or acquired by nonresidents of the "sterling area" would be convertible into dollars at the official exchange rate.

² On December 28, 1958, French President de Gaulle announced a 17.55 percent devaluation of the franc. He also announced that a new unit of currency, "The Heavy Franc," equal to 100 old francs would be created by January 1, 1960.

there is much less reason for outside countries to encourage or accept OEEC preferential commercial arrangements. At same time, with sterling convertible into dollars for residents of common market countries their own economic interests in pursuing European trade liberalization and in denying themselves US imports when these are of low cost, will have virtually disappeared. The economic interests of OEEC countries concerned, therefore, as well as their IMF and GATT obligations should henceforth lead in direction of enlargement of quotas on a global non-discriminatory basis and toward their ultimate removal. While the Six should be free within framework of their provisions for an economic union to dismantle their quotas more rapidly within CM they and common market commission should be encouraged to pursue a similar policy of non-discrimination and quota removal in regard to rest of GATT member nations.

With regard to effects of the new measures on cohesion and strength of community of Six, conflicting forces are brought in play. To extent, for example, that French are successful in strengthening their competitive position in OEEC area outside Common Market and in other third markets, the special economic attraction of CM would be relatively reduced. Movement of Six to non-resident convertibility also tends in one way to weaken the ties of reciprocal commercial advantages as an element binding them together, by diluting element of preference for their exports within Common Market. On other hand, the French financial and trade measures if successful, will reduce the conflict within Six regarding future commercial policy of community, since predominant tendency apart from France has been in favor of an outward looking and relatively non-protectionist Common Market. In addition, franc would be able to compete successfully in Common Market, thereby eliminating frictions and obstacles to fulfillment of EEC treaty which an overvalued currency would have made inevitable.

It is possible moreover, that strengthening of French currency and introduction and installment of heavy franc could pave way for measures of monetary coordination or integration among Six, which otherwise would have been frustrated.

The major question remains, of course, concerning France's ability to make stick this devaluation (the first one in recent years made in advance of necessity) and to continue on path of reduced protection. While Embassy Paris is no doubt commenting on this question authoritatively, seen from here the major determinants of outcome of French move will be ability of government (a) to obtain support of or acceptance by French labor and French Socialists and (b) to reduce or limit the finan-

cial drain of the Algerian insurrection and the concomitant French antidote of reliance on application Constantine Plan.³

Apart from forces released by new financial measures, it seems evident to me that strong ties of mutual interest continue to bind together the six countries in support of the new treaties and that this nexus of interests will favor the carrying out of the obligations of Rome treaties and development of the community along the paths which they have laid down—common commercial policies, coordinated social legislation, freer movement of capital and labor, etc., with central institutions and facilities to administer and implement. In addition, the extension of the powers of the community and its central institutions can be expected to lead to consultation and perhaps common action on problems ranging beyond even the broad provisions of these treaties; possible examples being aid to other under-developed areas as well as their O.T., attitude toward Middle East, problem of raw materials supply, relations with Latin America.

In my view the broader political and technological forces at work in mid-twentieth century unrelentingly operate to reinforce the need for and desirability of European integration and to strengthen the centripetal forces already pulling the Six together into a community. The evidence continues to bring its weight to bear on the single nations of Western Europe demonstrating they are too small and weak to provide for their own security or even to control their own destinies to an extent they ultimately find acceptable much less to influence the course of major political events. First and foremost, the ever present menace of predatory Soviet Russia, and to a lesser extent the conjunction of other factors such as the growth of Arab nationalism, the signs of coalescence in black Africa, the change in population balance in favor of China and India, are developments on a scale that seem to many Europeans to call for common European action of a kind that a successful integration movement would make possible. In addition, the economic arguments for integration continue to be strengthened by the technological developments of our time which increasingly place a premium on bigness with respect to both consumption and production. Even requirements for development are moving on to a scale beyond the resources of individual countries that are not the size of a continent, i.e., full scale atomic industry for peace and war, guided missiles, exploration of space, automation, production of advanced types of aircraft. A reflected image can be seen by way of example in the mirror of a recent happening: The Suez

³ In an October 3, 1958, speech in Constantine, Algeria, de Gaulle unveiled a 5-year plan for the economic modernization of Algeria designed to meet the economic demands of the Moslem population.

crisis on the one hand pointed up European dependence on the Middle East for energy resources and strengthened the case for a Euratom power development program; on the other hand it starkly revealed the measure of Western Europe's political and military impotence. This may be thought of as a non-recurring chance phenomenon (hopefully) which happened to redound to favor European integration. I believe, however, that while differing specific manifestations will come and go, the major political, technological and economic currents created by the groundswells of our time will work in comparable ways and continue to exert pressure for Western European integration.

Butterworth

45. Memorandum of Conversation

January 8, 1959.

SUBJECT

British Views on Future Common Market-Free Trade Area Developments

PARTICIPANTS

Mr. Thorold, British Embassy
Mr. Merchant, Assistant Secretary—European Affairs
Mr. Timmons, Director, Regional Affairs
Mr. Elrod, Economic Officer, United Kingdom & Ireland Affairs

Mr. Thorold called to suggest again the possibility that the United States seek to encourage the Common Market countries to come to agreement with the other members of the OEEC in the proposed Free Trade Area. Mr. Thorold said that he agreed with the U.S. view that direct pressure should not be brought to bear upon the French to bring about a CM-FTA association, but suggested that perhaps the U.S. could let it be known to Bonn that we favored the FTA. Mr. Thorold felt this would be effective as the Germans were themselves desirous of accommodation of the CM with an FTA and would press the French for agreement.

Mr. Merchant reviewed the U.S. position of leaving adjustment to the interested European countries. He said that while we had expressed our support of an FTA in association with the Common Market we had not intended to intrude ourselves in the actual working out of the details, preferring to remain rather aloof. Mr. Merchant said that we would consider Mr. Thorold's suggestion but could hold out no hope that we would now be prepared to approach the Germans on the basis suggested.

Mr. Merchant asked Mr. Thorold if he had any idea as to what was behind the proposal for a delay, probably to January 24, in the OEEC Ministerial Council scheduled for January 15. Mr. Thorold said he knew of no specific reasons for delay and had himself wondered about this since the meeting would obviously be mostly concerned with the problem of liberalizing quotas to OEEC countries outside the Common Market. Mr. Timmons noted that no one wanted a repetition of the December 15 OEEC meeting.¹ Therefore, should the OEEC countries themselves desire a postponement, this might be a good thing. A less hurried approach to the outstanding problems might contribute to a more harmonious atmosphere and avoid a repetition of the December 15 meeting. Mr. Timmons said that he assumed the next Ministerial Meeting would be concerned primarily with the question of interim arrangements on import quotas. Acceptable arrangements on these would, in turn, facilitate consideration of the longer-term problems. Since January 1 had now passed, perhaps better arrangements might be arrived at without the necessity of meeting pressing deadlines.

Mr. Thorold said it was the small quota problem that was causing the most trouble and that the U.K. felt that the formula of quota relaxation on individual products up to 3 per cent of the production of the national market should be extended to all the OEEC countries. Mr. Thorold said that the division of Europe into economic blocs was becoming a reality, as the British had feared would be the case lacking an FTA, and that the British wanted to avoid discrimination by the CM against the rest of the OEEC countries. He suggested that, in supporting the FTA, the U.S. had supported the proposition that there should be no discrimination between the Six and the Eleven.

Mr. Merchant said that there had always been a discriminatory element inherent in the concept of the Common Market which had been recognized to exist before the FTA was ever proposed. This discrimination would have been evident as the CM came into operation, without an FTA, and had been weighed against the political and economic advantages that would arise with the creation and development of the CM.

¹ See Documents 41-43.

Mr. Timmons reviewed the historical development of the CM idea and pointed out that for more than ten years the U.S. had accepted discrimination against itself as a price justifiably paid for what the U.S. considered to be advantages in European integration and economic cooperation. He noted that the U.S. had supported the idea of associating the Eleven with the CM by means of a free trade area as something which, in principle, was desirable on its merits. Mr. Timmons pointed out, however, that our attitude toward the CM had never been made dependent on the outcome of the FTA negotiations. He said that the 3 per cent national production formula for quota liberalization was primarily a commercial problem between the British and the French. Referring to Mr. Thorold's mention of possible British retaliation against the French, Mr. Timmons said it was our hope this could be avoided. He added that we hoped that the advantages of a CM would spread with the gradual enlargement of a relatively free trading area. Hasty actions (e.g., retaliation) could well disappoint these expectations.

Mr. Timmons pointed to the need for economic statesmanship. He alluded to the accomplishments of the integration movement since its inception. He also referred to the important new developments in Europe—non-resident convertibility, French economic reform and trade liberalization. These were all hopeful developments, and he noted that the preparatory steps which had made them possible were apparently marked by close cooperation between the British and French authorities.

Mr. Merchant asked Mr. Thorold if the British were in touch with the Six and particularly with the French on the January 15 meeting. Mr. Thorold said he knew of no special contact as the British felt they had put forth their proposals which the meeting could now consider.

Mr. Merchant told Mr. Thorold that we would again examine our position, but that he could give him no encouragement to expect a change in our attitude on intervention in this matter, since the problems appear to us to be the primary concern of the CM and other OEEC countries, especially the United Kingdom.

46. Circular Telegram From the Department of State to Certain Diplomatic Missions

January 23, 1959, 7:02 p.m.

893. Polto circulars 34 and 35; Polto 2000.¹

1. This message outlines basic US views on application quantitative import restrictions on discriminatory basis against dollar area by participants in recent convertibility move.

2. In terms foreign exchange implications our thinking distinguishes between two kinds of discrimination: (A) discrimination resulting from retention of import restrictions against goods from dollar area while restrictions on same goods have been completely removed (liberalized) for trade among OEEC countries and (B) discrimination in non-liberalized sector, which results from applying certain restrictions more stringently to dollar area than OEEC, particularly maintenance of quotas for exporting areas or countries on discriminatory basis.

3. Regarding type A discrimination it has been argued that there are still some foreign exchange risks in equalizing liberalization. This argument assumes that if restrictions on certain goods from dollar area were removed total imports of such goods might significantly exceed amount of similar types presently being imported primarily from countries to which liberalization already applies. To illustrate: assume European country has liberalized radios for OEEC and not for dollar area and that free imports from OEEC countries amount to \$500,000 and licensed imports from dollar area \$75,000. If discrimination removed by applying liberalization to dollar area it is argued that total imports might far exceed \$575,000 thus causing an exchange drain. Presumably this could come about because American prices are lower than OEEC prices (but this does not appear to be generally true) or because American goods have a special appeal for consumers (but experience indicates this largely over-rated factor and in any case short run phenomenon). Although we are not persuaded that risks are as great as some seem to fear, we are not challenging policy of caution by a country whose reserves need strengthening. Thus we are prepared to see gradual

Source: Department of State, Central Files, 840.00/1-2359. Confidential. Drafted by Goldstein and Myerson and cleared in E, OT, WE, W, RA, BNA, and GER. Sent to Ankara, Athens, Bern, Bonn, Copenhagen, Dublin, The Hague, Lisbon, London, Oslo, Ottawa, Reykjavik, Rome, Stockholm, Vienna, Geneva, Paris also for USRO, Luxembourg, and Brussels.

¹ Polto 2000, January 19, reported on meetings held that day between British and French officials dealing with British objections to EEC trade policies. (*Ibid.*, 840.00/1-1959) Polto Circular 34, January 15, and Polto Circular 35, January 16, reported on the January 15 meetings of the OEEC Council. (*Ibid.*, 396.1/1-1559 and 396.1/1-1659, respectively)

progress according to country's circumstances and would not insist on immediate nondiscrimination.

4. For type B however it is clear that all discrimination against dollar area within import ceiling for particular product can be eliminated without additional exchange risk. Absence of liberalization for a product means country can control total payments to all nonresident suppliers, and under nonresident convertibility there is no exchange reason to differentiate between nonresident areas. For example assume European country maintains general restriction on typewriters with quotas of \$300 thousand for various OEEC countries and \$25 thousand for US. Country quotas could be combined into one universal quota of \$325 thousand without raising foreign exchange ceiling. In essence therefore our position is that end of discrimination in non-liberalized sector (type B) is immediately feasible in foreign exchange terms. Such discrimination should be eliminated promptly.

5. Application this principle to quota issues now being considered in Europe means that all quotas existing on December 31, 1958 as well as all increases effective January 1 and thereafter would be non-discriminatory. This applies to quotas maintained by the Six and the Eleven. Note that this principle would in no way interfere with schedule for elimination of quotas as specified in Rome Treaty and would involve no exchange risk not already inherent in Rome Treaty obligations. Nor would it prejudice possible use quotas which could be justified under GATT on non-financial grounds in connection future special problems such as implementation EEC common agricultural policy.

6. This position may come as surprise to some Europeans who may not have focused on significant difference between problems in liberalized and non-liberalized sectors of OEEC trade in relation to convertibility move and dollar discrimination. Nevertheless believe it important in terms US commercial interests and long run integrity fundamental principles of commercial policy that position be presented now, during beginning of period of convertibility and before contrary European opinion crystallizes. Note refuels indicate active European discussion this problem now current.

7. US position may be regarded by some Europeans as intervention on part US in issues between Eleven (especially British) and Six (especially French). This of course not correct. We consider neither Eccles proposal nor French position on limited applicability increase in quotas appropriate to new financial circumstances of Europe. US position has possible advantage in that it could enable both British and French to save face by acknowledging that all 1958 proposals for discriminatory application of quotas have been overtaken by events, i.e., convertibility moves.

8. Recognize position outlined above contrary to underlying assumptions recent European discussions entire problem of relaxation remaining restrictions in non-liberalized sector. That is, Europeans apparently have assumed non-Europeans would be satisfied to see continuation of discrimination against non-Europeans within quotas notwithstanding convertibility. US position derives from general principle that by and large quantitative import restrictions justifiable (and have in fact been justified) in terms individual country's balance of payments position and not for commercial protection. (Any exceptions e.g. agricultural restrictions must be supported under GATT either in accordance specific GATT provisions or on basis special justification.) Therefore with removal financial justification quotas should not be used by OEEC countries to discriminate against non-European areas or even in case Common Market to differentiate between Member and non-Member countries. Despite fact that Rome Treaty contains many elements full economic union Six would be justified in giving each other more favorable treatment on quotas only when their financial systems so integrated that EEC constitutes in effect single balance of payments unit. Dept recognizes that French or others of Six may claim right differentiate on quotas under GATT Article XXIV and may also claim that denial this right would alter balance concessions envisaged when Rome Treaty negotiated. As consistently maintained by US however Article XXIV does not authorize discrimination in application import restrictions imposed to protect balance of payments position. Moreover Rome Treaty negotiated when early move to convertibility not foreseen. (Although this paragraph indicates arguments we and others have made on Rome Treaty-GATT legal issues, desirable of course we base our position on policy rather than legal grounds as far as possible.)

9. Dept realizes that in context FTA discussion Six, especially French, have made their ability to discriminate on three percent quotas a political symbol of Common Market unity. Therefore necessary introduce US views with special care in order minimize risk adverse political reactions. In particular would wish make crystal clear that US position on quota problem in no way derogates from strong support for Common Market. Neither would our position on Eccles proposal involve taking sides against Eleven. In addition to gradual emergence of tariff differentiation through establishment of customs union, ties among Community members will be increasingly reinforced through operation their common institutions and coordination their policies in agriculture and other important spheres economic life. Our sympathy and support these objectives is unchanged. Convertibility and consequent removal quota restrictions should help realize treaty objectives of increasing internal competition and contributing world trade. Should also help cement ties between Six and their European and non-European partners.

We accept and understand fully that in establishing customs union unavoidable as practical matter that non-members will be treated differently from members in important respects. We see nothing in US position which would prevent carrying out Treaty objectives. Our difficulty is with proposition that quota regime instituted to conserve hard currency before European convertibility should be used for commercial differentiation between Member and non-Member countries. Nevertheless matter delicate and consequently must take account political and psychological situation.

10. Dept has in mind that Butterworth should discuss foregoing at high levels in European Commission for example Hallstein Marjolin Rey perhaps referring Marjolin views reported Strasbourg's 102 to Dept² (rptd Paris 21, Bonn 9, Rome 9, Hague 9, London 3, Brussels 12, Luxembourg 12) and that Embassy London should discuss at high official level British Govt for example Sir Frank Lee.³ In light reports on these two discussions Dept would consider desirability action by other addressee Missions.

11. However, before authorizing any action to be taken pursuant this message Dept requests urgently any comments USEC, USRO, Embassy London and Embassies in Community of Six countries may wish submit on substantive or procedural aspects. Dept would also welcome any comments other addressees.

Dulles

² Dated January 13, telegram 102 from Strasbourg reported on the favorable reaction of EEC Vice President Robert Marjolin to "convertibility" as part of a general move to trade liberalization. (Department of State, Central Files, 840.00/1-1359)

³ Joint Permanent Secretary of the British Treasury.

47. Editorial Note

On January 23, the Government of the Federal Republic of Germany announced that it would introduce customs duties on import of U.S. coal in excess of a duty-free limit effective February 16. The German action was in response to a continuing surplus of domestic coal production. Secretary of State Dulles discussed German coal restrictions with Chancellor Adenauer during Dulles' February 4-8 visit to Europe. This discussion took place on the road to Wahn Airport near Bonn:

"I spoke about the coal situation pointing out that it was a matter of great concern to us and might have an impact on German-American re-

lations. I said it would involve largely increased unemployment of the coal areas of Pennsylvania, West Virginia, Illinois, etc. The Chancellor said he had problems too in the Ruhr. He said that a German representative had gone to Washington on Wednesday for further conversations, and he had thought the matter was in fairly good shape. He said that his representative had talked to John L. Lewis, who had expressed himself as reasonably satisfied. I said this is quite different from the impression we had received of Lewis' views, and I hoped that something could be done to compromise the situation and at least not act hastily." (Memorandum of conversation; Department of State, Conference Files: Lot 64 D 560, CF 1200)

In spite of U.S. protests, the German import restrictions went into effect on February 16. On February 18, the High Authority of the ECSC, which had initially resisted German actions, recommended that a "Manifest Crisis" be declared under the terms of the Coal and Steel Treaty to meet the surplus of coal and the critical situation in the Belgian coal industry. Belgian coal fields were economically unproductive and had been kept in operation through ECSC subsidies which were scheduled to end in February forcing the Government of Belgium to shoulder the full burden for continuing subsidies.

48. Airgram From the Embassy in France to the Department of State

Paris, January 26, 1959.

G-985. Deptel 2360 (rptd info Luxembourg Luxco 148, Brussels Busec 83).¹ While it is too early to forecast with any assurance role of France in European integration for next few years, certain comments can be made at this time.

Source: Department of State, Central Files, 840.00/1-2659. Confidential. Repeated to Bonn, The Hague, Rome, Brussels, Luxembourg, London, Vienna, Bern, Oslo, Stockholm, and Copenhagen.

¹ Telegram 2360 to Paris, January 7, requested the Embassy's views on de Gaulle's impact on European integration. (*Ibid.*, 840.00/1-659)

1. In absence of a severe economic and financial program including devaluation, French participation in the Common Market could only have been possible via wholesale utilization of escape clauses and/or continuing external aid.

2. While the Pinay–Rueff² policies decreased trade restrictions regarding both Europe and the dollar area, the major motivating force was not desire to move away from protectionism. Deciding factor was internal price considerations. Pressure for liberalization came from Bank of France and Ministry of Finance (both of which were more concerned with internal price considerations than with international commitments)—not from the Foreign Office. Durability of these moves away from protectionism depends upon success of economic and financial plan. Trade moves so far essentially put France in compliance with her international commitments, which does not necessarily imply French assumption of more liberal commitments in future.

3. Financial and economic program is “Gaulliste” in fullest sense of word. It takes as “given” de Gaulle’s concept for French grandeur—e.g., military and economic effort in Algeria, atomic energy—and makes bold bid to achieve economic and financial stabilization notwithstanding these ambitious and costly projects.

In such measures as widespread revision of social security system, junking of mechanisms for indexation of wages and prices, curtailment of veterans’ pensions, treading on toes of agriculture and trade liberalization, French plan goes to lengths which only de Gaulle with his enormous prestige would have dared to envisage. The successful execution of the plan depends to a considerable degree on that prestige. It is the financial and economic embodiment of de Gaulle’s call to French people to restore greatness of France. Program is well within economic capacity of French nation to support, but test will be whether population prepared to abide by decisions de Gaulle has made re utilization of the nation’s resources—i.e., whether French people will heed his call.

We question whether it was explicit awareness of historic forces calling for European integration that led de Gaulle to accept French participation in European institutions. However, de Gaulle has now recognized that Europe needs continued close Franco-German relations and that Common Market aids in achievement of this desirable objective. We understand that he advised Germans that Common Market approach should also be fruitful re future developments. Thus when he states he will honor agreements regarding Europe he recognizes not

² Antoine Pinay, French Minister of Finance and Economic Affairs, 1958–1961; Jacques Rueff, chairman of a committee established by de Gaulle in October 1958 to study France’s financial situation.

only the agreements but also, to a considerable extent, the objective. It is true at the same time he has continued to state his opposition to supranational European institutions. We are inclined to feel, however, that his support of close Franco-German relationship is not simply a passing phase related to current need for France to lean heavily on Germany for economic and financial support and that his lack of enthusiasm for European institutions of the Six will not be determining factor.

While it is generally assumed that Debré will act in this and other matters in accordance with de Gaulle's will, it is nevertheless true that Debré has not retracted his earlier pronouncements against Rome Treaty and in fact has said privately—apparently repeatedly—that he feels the treaties should be renegotiated. It is clear that Debré (who admires Erhard and Eccles!) wants a wider, looser, association in Europe including Britain and presumably the other European countries.

It would appear that Debré's opportunities of renegotiating Rome Treaty are limited. There was however a different way that his objective could be reached—namely by globalizing the 3% of national production quota provisions to include the other OEEC countries. This would have eliminated only remaining item representing differences of treatment within Common Market and rest of OEEC area. Thus by accepting a British or compromise proposal the unity and integrity of the Six could have been considerably weakened. However, it appears clear that France, supported by Germany and Italy, has held firm against any compromise which would dissolve last unique aspect of the Common Market. Debré presumably realized potentialities for action in this regard but either could not or did not wish to act accordingly.

The French have believed for some time (see Embassy Despatch 1147 December 24, 1958)³ that it would be easy for France to work out an agreement on 3% with British and other European countries which would be advantageous to France on strictly commercial basis. Thus remaining element of "discrimination" between Six and Eleven could be removed if British proposal were considered merely on basis of commercial advantages. In our view, however, French are unlikely to cast aside basic political objectives in order to accommodate British in this regard.

As this Embassy has often noted in past reports, we feel that there is a real danger to the United States and other outside areas in a move towards a wider looser association. We feel such a move would lack political and economic advantages of unity of the Six and at the same time

³ Despatch 1147 transmitted a memorandum of a December 23, 1958, conversation between Tuthill and Wormser in which the French diplomat outlined his government's suspicions of British objectives in the OEEC. (Department of State, Central Files, 440.002/12-2458)

would extend and make more durable various types of discrimination against the dollar and other trading areas. We feel this danger is rather greater in the near future if pressure were exerted upon the Common Market countries to give up the remaining element which establishes the integrity and coherence of the area.

The French economic and financial program, possibly with some modifications, must succeed if the European integration movement is to progress in years that lie immediately ahead. We would caution, however, against excessive optimism concerning implications of this policy on such matters as general commercial and agricultural policies and especially regarding anti-cartel provisions. Ultimately we feel that Common Market itself will tend to induce France to accept increased competition and more liberal commercial and agricultural policies. However, as indicated above, recent actions should not, in our view, be regarded as a step recognized and designed to lead ever farther away from protectionist and other nationalist policies. As for the cartel aspects, this seems to us even more unclear. We are not yet aware of details of agreements being worked out so assiduously by German and French industrialists under sponsorship of French Patronat. However, with all this enthusiastic activity, it would be surprising if certain private restraints of trade are not in being, and more being born. Consideration of cartel implications should take into account fact that Patronat support for Common Market was essential for ratification. This support would have been less likely in event close cooperation with Europe—and especially German—industrialists had not been making progress. Ultimate judgment re current arrangements should reflect whether they develop into hard long term cartels in restraint of trade or whether at least the restraining aspects are of a more temporary or transitional nature.

While in our view too much optimism regarding future policies should not be assumed on basis of French economic and financial program, situation can be viewed in a different manner. Recurring economic and financial crises, delayed and inadequate devaluations, formidable and highly discriminatory obstacles against foreign trade, and general prospect of continuation of these conditions made France weak link in move towards European integration. This condition existed despite highly modernized industry (at least in large concerns), adequate supply of scientists, technicians and skilled workers, excellent geographical position, rich natural resources and vast sums of gold and foreign exchange in private hands. Problem was to achieve economic and financial stability and to open this economy to increased internal and external competition. Only by such a development could real progress be expected in terms of high cost structure reflecting many un-

economic small and medium sized producers and archaic and costly distribution system.

Primary requirement for corrective measures was political stability which would allow development and implementation of government economic and financial programs designed to bring forth fundamental corrective influences. But more was needed. Some lever was required to gear internal corrective measures to world conditions and competition. That lever was supplied by the Common Market and its convenient deadline of January 1, 1959 for action on quotas and tariffs.

While, as pointed out above, the most important consideration in France's move towards increased liberalization of trade vis-à-vis the OEEC and other areas was internal price considerations, nevertheless it was the necessity for action under the Common Market that initiated the far reaching plans—internal and external—that made this wider liberalization possible. Thus, in our view, the Common Market has already justified much of its earlier promise by being the immediate element that helped France make a reality out of what had become a possibility. Needless to say, further progress will be required if France is to play a constructive role in building a stronger more united Europe. However, the first step has been accomplished and it is the political stability provided by de Gaulle plus the immediate issue of the Common Market that allowed or dictated this step.

In summary, we feel it premature to attempt to estimate ultimate path of French policy on European integration. Historic forces are surely on side of progress, but vested personal views, long entrenched protectionist sentiments, and exaggerated concepts of national pride still exist. For the moment, further progress depends upon the success of the French economic and financial program.

Houghton

49. Telegram From the Department of State to the Mission at the European Coal and Steel Community

February 12, 1959, 7:08 p.m.

Luxco 215. Luxembourg for USEC and Emb. Brussels for USEC and Emb. USRO for info. (1) Colux 159 rptd Bonn Colux 49, Duesseldorf 26,

Source: Department of State, Central Files, 840.00/2-759. Official Use Only; Priority. Drafted by Kupinsky; cleared in GEA, WE, E, and RA; and approved by Merchant. Sent to Brussels, Bonn, Rome, The Hague, and Paris and repeated to London, Bremen, Dusseldorf, Geneva, and Hamburg.

Brussels Colux 39, The Hague Colux 35, Paris Colux 69, Rome Colux 37, London, Geneva unnumbered.¹ (2) Brussels' 1071, rptd Brussels Busec 14, Bonn 40, Luxembourg 53, Paris, Rome, The Hague unnumbered.²

1. Dept concerned possibility long-term German coal import restriction and spread German-type measures on imported coal to other CSC countries, by individual CSC member governments or by HA or Council of Ministers. To make certain CSC member governments and HA fully informed US views this matter, Dept requests Embs addressee CSC posts other than US mission Luxembourg and Bonn inform FonOffs at appropriately high levels along following lines:

(a) Dept has submitted strong protest FedRep objecting German restrictions US coal and has requested 60-day stay of order to permit reconsideration and negotiation. Although FedRep has indicated Govt would not consider delay as requested, Dept is continuing oppose tariff-quota in principle. German restrictions have also evoked vigorous representations US coal industry, labor and Congressional representatives urging retaliation against German exports to US and threatening efforts obtain amendment Mutual Security Act strengthening *Buy American* and other provisions making more difficult foreign countries export to US. Spread of restrictive coal import measures would increase possibility repercussions US commercial policy adverse to interests countries concerned.

(b) Member countries CSC presumably have strong interest preserving reputation Community as outward looking, particularly in commercial policy field. Although recognize political and economic problems involved coal situation, consider CSC temporary coal surplus might have been prevented or greatly ameliorated by timely action in countries affected through variety measures provided for in CSC Treaty over five-year transitional period. Coal industry in US depressed and likely US industry and labor will be more adversely affected by European import restrictions than European coal industry and miners by internal measures CSC governments might take. Moreover, coal situation in US also presents political problems not dissimilar from political problems involved CSC countries.

(c) Restrictive measures appear to have aroused not only US but several other coal exporting countries, including UK and Norway. No doubt German-CSC measures will come to attention other countries not sympathetic CSC or EEC contributing to their concern re impact Six-country integration their markets. Dept also concerned use opponents European integration in US may make of German-CSC restrictions. Congressional representatives in US already calling for retaliation European imports to US.

(d) View foregoing, consider in long-run self-interest CSC countries: (a) take internal measures available under CSC Treaty adapt re-

¹ In Colux 159, February 7, Butterworth reported on discussions within the ECSC Council of Ministers on the issue of German coal import restrictions. (*Ibid.*)

² In telegram 1071 from Brussels, February 10, the Ambassador reported on conversations with Belgian officials about restrictions on coal imports from the United States and on Belgian concerns for the future of their national coal industry. (*Ibid.*, 850.33/2-1059)

spective industries so as avoid restrictive measures toward third countries; (b) strengthen HA in efforts maintain liberal trade policy and rationalize Community coal industry, to meet balanced energy needs over long-run period.

(e) Dept making similar approach to High Authority.

Separate message follows to US Mission Luxembourg. Bonn may inform FedRep foregoing representations.³

Dillon

³ In Luxco 214, February 12, the Department instructed the Mission at the European Communities at Luxembourg to request a 60-day stay on the imposition of ECSC recommendations for coal restrictions. (*Ibid.*, 840.00/2-759)

50. Telegram From the Embassy in the United Kingdom to the Department of State

London, February 25, 1959, 7 p.m.

4428. Luxembourg for Embassy and USEC. Paris for Embassy and USRO. Brussels for Embassy and USEC. Following summary meeting February 25 Embassy officers with Coulson and other UK officials re FTA developments:

1. Clear from Hallstein visit¹ no prospect in near future of acceptable long-term solution problem association Six and Eleven. Neither UK nor EEC able find European solution consistent with GATT provisions in view French refusal agree now to ultimate objective eliminating tariffs and quotas either in FTA or Customs Union. Some marginal possibilities tariff reduction in GATT framework over next 3–4 years and quota liberalization in OEEC but not sure enough scope in either context achieve satisfactory solution intra-European trade problem. Re further OEEC liberalization, Figgures (UK Treasury) argued need not involve a

Source: Department of State, Central Files, 440.002/2-2559. Limited Official Use. Repeated to Bonn, The Hague, Rome, Copenhagen, Oslo, Stockholm, Bern, Vienna, Luxembourg, Paris, and Brussels.

¹ Walter Hallstein, President of the Commission of the EEC, visited London on February 16.

simultaneous OEEC exercise on dollar liberalization. Increased dollar discrimination could be avoided by individual countries acting unilaterally to liberalize dollar imports. (*Comment: Figgures made similar remark in discussion with Hunter and Bean last Saturday, which suggests UK in seeking further OEEC liberalization concerned that tie-up with dollar liberalization may unduly limit scope.*)

2. Coulson reported that meeting other Six plus Portugal at Oslo last week² reached substantial agreement (except perhaps Denmark) that hopeless continue seek FTA as long French not ready agree on ultimate objective. All other Six worried about being picked off singly by EEC and very eager to hang together. Agreed dangerous sit back and do nothing so possibility working out FTA of other Six or Seven given serious consideration. Strong feeling some other Six that their negotiating position would be improved if they were organized into an FTA. Assumed non-Six FTA would permit increased trade to offset loss to Common Market. While arguing real community of interest among non-Six and limited FTA among themselves would make economic sense, Coulson made clear UK considered such move primarily as means promoting European-wide arrangement. Indicated when decision made non-Six would move quickly and would have simpler plan with shorter transition period than EEC.

3. Other Six also discussed problems of EEC tariffs. Examination action by Six in generalizing tariff reductions on basis decision of December 3 revealed number factors which result in outside countries being at tariff disadvantage:

(A) Tariff cuts on list G items not extended to non-Six and this affects large portion of trade;

(B) Arithmetic average only worked out for about one half of common tariff and tariff reductions to outside countries limited to these items;

(C) Some of Six using legal tariffs as basis for reductions to non-Six but lower de facto tariffs for Six.

4. Other Six also discussed proposed GATT tariff negotiations and Coulson said unanimous in their opposition to apparent US position which appears coincide with that of Six, that all phases GATT treatment except EEC common tariff should be dealt with together. Although recognizing US has timing problem, UK particularly concerned that negotiations for compensation under paragraph 6 Article XXIV be kept separate from negotiations for new concessions. Figgures saw this problem as serious divergence between US and UK.

² February 21.

5. Coulson reported "some progress" in bilateral talks with French re *modus vivendi*.³ UK negotiating team now in UK to report (apparently on terms of agreement) and will return to Paris next week. UK will not conclude with French until satisfied other interested non-Six have chance to negotiate similar agreements. French have accepted form of words to effect that others have been or would be given opportunity to work out agreement on "analogous basis". Coulson said other Ten completely satisfied with course UK-French discussions and no suspicion of UK revealed at Oslo meeting.

Whitney

³ Talks between the French and British Governments took place on January 19 and February 18. Sir Paul Gore-Booth headed the British Delegation and Olivier Wormser headed the French negotiators.

51. Telegram From the Embassy in Austria to the Department of State

Vienna, March 3, 1959, noon.

2001. Paris for Embassy and USRO; Brussels for BUSEC; Luxembourg for LUXCO. Reference: My telegram 1708, repeated Paris 85, Moscow 76, London 53, Brussels 8, Luxembourg 8.¹ Few days ago Soviet Ambassador invited State Secretary Kreisky to dinner alone and reiterated warning he had made earlier to Chancellor Raab and to Fuchs that Austria's association with Common Market organization would be considered violation Austria's neutrality. Kreisky said he could understand Soviet viewpoint if Austria should be only country establishing such ties but if there were common policy of other Six vis-à-vis Common Market he could not see this would constitute departure from neutrality in view

Source: Department of State, Central Files, 840.00/3–359. Confidential. Repeated to London, Moscow, Paris, Brussels, and Luxembourg.

¹ Telegram 1708 from Vienna, January 22, reported on Soviet objections to Austrian membership in the EEC. (*Ibid.*, 840.00/1–2259)

of Swiss and Swedish inclusion and their long history of neutrality or non-alliance.²

Austrian Government circles continue divided on question of association with any counter grouping of other Six such as suggested by British at Oslo.

Matthews

² In a speech given at Hamburg on March 19, Kreisky stated that Austria would not join the EEC due to Austria's neutral status.

52. Editorial Note

On March 16, representatives of the European Economic Community meeting in Brussels endorsed a memorandum of the EEC Commission, the "Hallstein Report," which attempted to break the impasse between the six EEC nations and other OEEC members over trade and tariffs. The Hallstein Report recommended an "interim agreement" between the EEC states and 11 other members of the OEEC of 3 to 4 years duration based on a mutual increase of 20 percent in import quotas by both the Six and the Eleven, negotiations for the reduction in import duties, and the eventual extension of these to all GATT nations.

At the initiative of the British and Swedish Governments, representatives of seven European nations, Austria, Denmark, Norway, Portugal, Sweden, Switzerland, and the United Kingdom, met near Stockholm to consider the Hallstein Report on March 17 and 18. The delegates concluded that the offer was unsatisfactory and delegated Hubert de Besche of the Swedish Foreign Ministry to study the possibility of establishing a common trading area among the so called "Outer Seven."

On May 27, the Swedish Government invited the six other Outer Seven states to a meeting to discuss formation of a free trade area. Preliminary discussions were followed by a ministerial meeting on July 20-21. On July 21, the ministers representing the seven governments announced that they would recommend the formation of a European Free Trade Association to their respective governments.

The European Free Trade Association (EFTA) agreement was formally initialed on November 11.

53. Telegram From the Department of State to the Mission at the European Coal and Steel Community

April 1, 1959, 4:50 p.m.

Luxco 301. 1. State-AEC-ExIm Bank Euratom Program Committee extensively reviewed recently concluded meetings Brussels with particular attention present state US-Euratom relations and prospects for future. Conclusion group is that while we must take in account normal organizational difficulties of new Community and be sensitive to Euratom's special status as novel political entity, nonetheless successful implementation of program requires objective analysis of situation.

2. Consensus AEC ExIm Bank participants is that to considerable extent last year's spirit of cooperation in pursuit of joint program has faded, at least for moment. Agreed that atmosphere improved latter stage recent meetings as reflected Ecbus 252.¹ Felt that difficulties in large part are result unsatisfactory organization on Euratom side. Expect Hirsch to change this situation materially. AEC-ExIm reps believe however that major deficiency is fact no senior Euratom staff officer appears have been assigned clear-cut responsibility for joint program. This has led in number of important instances to uncoordinated conflicting policy statements by various Euratom division heads, viz: (1) difference of opinion expressed by Vogelaar and Consolo on points at issue in loan agreement² (2) different attitudes and approach Stijkel and Gueron regarding administration and contractual procedures for R and D program and reactor program despite fact same approach necessary for orderly administration.³ Also concern expressed about decisions being made and unmade as result individual officers going directly to one or several Euratom Commissioners.

3. It should be stressed that above appraisal is not intended as carping criticism of Euratom but stems from sincere desire US side improve situation which unless remedied could have serious implications for success joint program.

Source: Department of State, Central Files, 840.1901/4-159. Confidential. Drafted by Schaetzel and approved by Farley who initialed for Herter. Repeated to Brussels.

¹ In this telegram, March 23, Butterworth reported from Brussels on discussions between U.S. and EURATOM officials on the mechanics of cooperation in the transfer of nuclear information and technology. (*Ibid.*, 840.1901/3-2359)

² The EURATOM representatives objected strongly to the lien provisions of the draft loan agreement as well as to specific choices of wording. Butterworth summarized these objections in Ecbus 312, March 12. (*Ibid.*, 840.1901/3-1259)

³ Butterworth reported EURATOM objections to wording in the AEC draft which would have a serious impact on the nascent European nuclear equipment manufacturing industry in Ecbus 172, February 11. (*Ibid.*, 840.1901/2-1159)

4. Floberg and Hall will wish discuss foregoing problems with Hirsch in course April 14 and 15 meetings. Agencies appreciate your comments on paras 1 and 2 (and subsequently those of Hirsch) and also recommendations on steps US might take to end of most effective management of joint program. Believe important, if you agree with above assessment, that foregoing be discussed by you with Hirsch to lay groundwork for frank and fruitful Hirsch-Floberg talks.⁴

Herter

⁴ The meetings took place April 14–15 in Brussels. The Mission at the European Communities in Brussels reported the substance of the talks in Ecbus 304, April 18. (*Ibid.*, 840.1901/4–1859)

54. Telegram From the Mission at the European Communities to the Department of State

Brussels, April 6, 1959, 6 p.m.

Ecbus 273. Joint USEC/Embassy message for Department and AEC (Wells).

1. USEC and Embassy officers met with EURATOM officials (Staderini and Van Helmont) Friday regarding "Ottawa Powers"¹ project for formulating uniform nuclear safeguards and control policies among principal suppliers and IAEA. EURATOM informed of developments since initial contact made by Schaetzel early March.² Revised sample safeguards article drafted in London meeting handed Van Helmont and possibility joint US-EURATOM approach to Belgian Government discussed.

Source: Department of State, Central Files, 840.1901/4–659. Confidential. Repeated to Luxembourg, Paris, London, Vienna, and Brussels.

¹ Apparently a reference to the United Kingdom, Canada, South Africa, Australia, and the United States which had been developing a common policy for nuclear safeguards.

² Schaetzel met with EURATOM officials on March 2, 4, and 5. A report on these discussions was transmitted in CA-7827, March 13. (Department of State, Central Files, 840.1901/3–1359)

2. EURATOM officials particularly interested in initial favorable reaction of Goldschmidt (London's 4878).³ They asked if approach was on basis general principle or if aide-mémoire or other text supplied French Government.

3. Staderini and Van Helmont in basic agreement with general approach and felt desirable Commission cooperate in sounding out Belgians and subsequently Germans. However, decision to participate requires Commission approval, which they would hope be able obtain at April 8 Commission meeting. As principal Belgian official concerned (Acting Commissioner Verwilghen) absent from Brussels until April 14, hope we would be in position to make joint approach around April 15.

4. Staderini and Van Helmont reasonably sure EURATOM Commissioners (as indeed any reasonable European) would agree desirability of minimum standards for safeguards. However, they made it clear could not commit EURATOM acceptance specific provisions draft safeguards article without further study, though initial reaction good. In this connection, and in view firm (but unwritten) EURATOM Commission decision not to administer safeguards outside community, they assumed the "international agency" referred to in draft article would mean in particular IAEA. They also enquired whether was US intention attempt transfer bilateral safeguards (in present US bilateral agreements) to IAEA.

5. Re next steps after initial consultation Belgians and Germans, EURATOM officials thought meeting of Five Powers plus France, Belgium, Germany, and EURATOM would be desirable and they believed EURATOM would participate. This connection, they pointed out meaning proposed safeguards article strongly dependent on underlying principles of safeguards system, such as nature "international agency," definition of trigger items, exemption minimum quantities, et cetera. They assumed would be opportunity presumably at proposed May meeting to make suggestions and to discuss these questions. Also possible that other participating countries may have views.

6. Re subsequent meeting with broader group EURATOM officials feel strongly it should not be called by ENEA or take place under OEEC auspices for substantially the same reasons mentioned paragraph three London's 5082.⁴ They feel Swedes or Austrians may confuse issue thoroughly by insisting on discussion ENEA/EURATOM problems which can be worked out with time and patience.

³ Telegram 4878, March 20, summarized a conversation between U.S. and U.K. officials on nuclear safeguards and plans for expanded discussions with other states on this issue. (*Ibid.*, 600.0012/3–2059)

⁴ Telegram 5082 from London, March 3, reported British views on the nuclear safeguard issue. (*Ibid.*, 600.0012/4–359)

7. During course conversation EURATOM officials asked specifically if US may export source materials outside of provisions of cooperation agreement and if so what are maximum quantities. Department/AEC guidance in replying requested.

8. Proposed Belgian uranium sale to Japan (Deptel 1448)⁵ not discussed in meeting. Van Helmont made clear in private conversation EURATOM aware Belgian plans but gave no indication Commission viewpoint. Belgian Foreign Office informed Embassy this morning they had heard from Groven that US had given its agreement to proposed Belgian sale.

9. Embassy/USEC feel would be useful for Meyers participate in discussions with Belgians. Will inform London when dates fixed.

10. *Comment:* Believe EURATOM responsive to rationale and principle of uniform safeguard standards. For future discussions, however, we feel will be necessary provide Commission with more definite details of conclusions reached during London meeting. Is it expected summary conclusions London meetings (CA 7827) can be made available in some form to EURATOM when fully cleared?

Butterworth

⁵ Telegram 1448 to Brussels, April 1, outlined the U.S. position on safeguards for the proposed transfer of 2-1/2 tons of uranium ore from Belgium to Japan. (*Ibid.*, 600.0012/4-159)

55. Memorandum of Conversation

April 22, 1959.

SUBJECT

Discussion of Questions Affecting OEEC

PARTICIPANTS

Mr. Gian Gaspare Cittadini Cesi, Deputy Secretary General, OEEC
Mr. Georg von Arnim, Head of Washington Office, OEEC
Mr. Ottino Caracciolo, Washington Representative, European Productivity Agency
Mr. Ivan White, Deputy Assistant Secretary for European Affairs
Mr. B.E.L. Timmons, Director, Office of European Regional Affairs
Mr. Robert L. Yost, Office of European Regional Affairs

After welcoming Mr. Cittadini, Mr. White noted his official interest in the OEEC, as well as his own personal interest which dated from his participation in the work of establishing the organization in 1947 and 1948.¹

Mr. Cittadini expressed his hope that the US still considered the OEEC a useful tool for European cooperation. He noted that some people in the organization seem to consider the present situation one of “a free trade area or death” for the organization but that he considered this unrealistic. He believed that the OEEC’s work in the trade field was very important, but that it also had a broader strength, based on its essential work in many other sectors.

Spain

Mr. White noted that the US was watching with interest the OEEC–IMF activities in connection with possible assistance to Spain² and that the US would be examining its future course of action in the light of the results of the OEEC–IMF operation.

Mr. Cittadini stated it was possible that the OEEC Council might have in hand before summer, and be able to take action on, a report on the nature of the Spanish problem. He was not entirely optimistic that this schedule could be kept however. Such action would probably consist of a mandate from the Council to draw up a set of concrete proposals which would take account of the probable nature, sources and amounts

Source: Department of State, Central Files, 840.00/4–2259. Confidential. Drafted by Yost.

¹ During his service as First Secretary at the Embassy in France.

² Reference is to the Spanish stabilization program of the IMF and OEEC; see Part 2, Document 315.

of assistance to Spain. Cittadini said that the Council was generally favorably disposed, though the Belgians were still reluctant. Scandinavian opposition had largely disappeared. He asked whether, if the Belgians or others should create obstacles in the path of a solution to the Spanish question, the US might be prepared to intercede. Mr. White noted that he felt that once the OEEC-IMF work with Spain had reached the point of developing a program of action, the US would be prepared to give appropriate support.

In response to a question, Mr. Cittadini said that it was his personal opinion, and that of others in the OEEC Secretariat, that there was real support in the Spanish government, as well as in Spanish intellectual circles, for a firm program of economic reform. He felt that this attitude might also extend to Franco himself and that once the latter accustomed himself to thinking in multilateral terms in the economic field, that chances might be good of his continuing to develop in that direction.

European Economic Cooperation and Trade Questions

Mr. Cittadini emphasized his concern over the difficulties that might arise in Europe out of a continuing divergence between the Six and the other OEEC countries, the "Seven non-Six" in particular. He termed this a "highly political problem." He noted the need to refrain from doing anything to slow the progress of the Six but called attention to the serious consequences of "destroying" wider European cooperation.

Mr. Cittadini indicated that a short-term solution was not difficult to envisage—the Secretariat expected to take the initiative in proposing to the Council a so-called "Code of Good Behavior", with an appeals procedure to facilitate the handling of day-to-day problems. For the longer term he had little to suggest, though he noted that Mr. Carli had recently suggested in London that 1) a Customs Union might be formed, including all of the OEEC countries but limited to typical European goods only, or 2) a complete Customs Union be established over a period of from 7 to 12 years. Mr. Timmons indicated that we were not familiar with these particular proposals, but that on first thought the former would appear unlikely to be able to meet the criteria of the GATT. The acceptability of the latter would appear to depend at least in part on whether or not a definite schedule of transition were prepared and adhered to.

Mr. White noted that the US was unable to look into the future on these problems but continued to be confident that the European countries would be able to work out equitable solutions.

On the trade side, Mr. Timmons believed it would be unfortunate if another meeting like last December's Ministerial Meeting were to take place. He agreed that a split in Western Europe would be a most serious

development but believed that the détente that had now developed had created a better atmosphere and he remained optimistic as regards the long-term outlook for good relations between the Six and the Eleven. He noted at the same time that US commercial and economic interests were increasingly involved, particularly since non-resident convertibility had removed much of the financial basis for unequal quota treatment as among imports from the various monetary areas. He was sure that the OEEC was bearing these concerns in mind; the role of the OEEC in this field was bound up in the entire question of international trade relationships, including the role of GATT and the nature of the obligations of the OEEC member countries to other nations of the world. The US would of course continue to follow this question closely in the context of our interest both in the cohesion of the Atlantic Community and of the economic interests of the United States and other Free World countries.

Mr. Cittadini referred to the letter of December 26, 1958 from Ambassador Burgess to the Secretary General of the OEEC³ and asked what timing the US had in mind with regard to the removal of quantitative restrictions on imports from the dollar area. In reply, the use of the wording "all feasible further progress" was referred to and Mr. White indicated that the more rapidly such removal proves to be feasible, the more pleased the United States would undoubtedly be.

Role of the OEEC

Mr. Timmons said that he agreed with Mr. Cittadini's earlier remarks that the continuance of the OEEC's present role in the trade arrangements of Western Europe was not essential to the existence or the vitality of the OEEC. He noted, without wishing to imply that the trade issues were unimportant in any way, that the OEEC had a much broader base than this and that it had other important functions. The Spanish operation now under way was only one of the current proofs of the adaptability and vitality of the organization. Mr. Timmons stated that US interest in the OEEC was as strong now as it had ever been.

Mr. White agreed, saying he wanted to stress again the importance with which we regard the work of the OEEC and the usefulness of the role which we believe it can continue to play. Mr. Cittadini suggested that it would be deeply appreciated if the interest of the US in the OEEC could be reaffirmed in a public statement, perhaps by Mr. Herter if possible. He was told that the Department believed a statement of this nature to be desirable and was exploring the possibilities.

³ In the letter, Ambassador Burgess stressed U.S. determination to end discriminatory trade restrictions and reaffirmed that U.S. assets held by the European Payments Union would be transferred to the administration of the new European Monetary Agreement when it came into effect on January 1, 1959. (Department of State, EUR/RPE Files: Lot 68 D 29, Monetary Agreement)

European Productivity Agency (EPA) and Scientific and Technical Personnel Program (STP)

Mr. Timmons stated that he believed there was an increasing comprehension in the US government of the usefulness of the OEEC's EPA and STP programs. He was particularly encouraged by a growing appreciation 1) of the fact that the US is engaged through these programs in a mutual endeavor with the European countries and 2) of the importance of these mutual activities. Mr. Cittadini said that the EPA is now in the process of reorganization, which would probably include a change in name. He hoped that the new concept of the organization as the "operational arm" of the OEEC would be acceptable to all OEEC members, but noted that certain delegations which were not taking part in the Study Group drawing up the new terms of reference of the organization felt that the Group was in some instances acting in a vacuum. He noted that the Secretariat was bearing two objectives in mind: 1) preserving sufficient autonomy and flexibility in this new "operational arm" to make it easy for the US to participate in it; and 2) bringing the new unit closer to the OEEC as a whole for purposes of general policy coordination. He hoped the US would be able to help if necessary to overcome such opposition to the new concept as might eventually develop in some countries. He also hoped that the US might be able to participate formally on an even closer partnership basis than heretofore. With regard to the latter point, Mr. Timmons said that this question had not been formally posed but that the US would of course always be willing to look at all aspects of the problem.

56. Despatch From the Mission at the European Coal and Steel Community to the Department of State

Colux D-157

Luxembourg, May 25, 1959.

SUBJECT

Situation of the High Authority in light of the recent action by the ECSC Council of Ministers

Attached is a memorandum of a conversation with Mr. Dirk Spierenburg, Vice President of the High Authority, which took place

Source: Department of State, Central Files, 850.33/5-2559. Confidential. Drafted by Bochever. Also sent to Bonn, The Hague, Rome, Dusseldorf, Brussels for the Embassy and USEC, and Paris for the Embassy and USRO.

shortly after the ECSC Council of Ministers had officially rejected the High Authority's proposals for invoking the "manifest crisis" provisions of the ECSC Treaty to deal with the Community's coal difficulties. In his comments on the prospects for the High Authority and for the European integration movement (at least in the near future) Mr. Spierenburg reflects a somewhat pessimistic outlook that has been widespread in Luxembourg since the Council's action on May 14. His chief concern for the future lies in the attitude of the French government, as revealed by statements and activities of Prime Minister Debré and Industry Minister Jeanneney—rather than in that of the German government which took the lead and was most adamant in opposing the High Authority's "crisis" proposals.¹

Mr. Spierenburg's comments on recent events are influenced by the fact that he has been a particularly ardent supporter of the original Schuman–Monnet concepts of integration, a view which he shared with many fellow Dutch nationals—and that he has been an active and forceful member of a High Authority whose membership has been relatively weak and passive over the past year. In addition, as noted above, he is commenting in the immediate aftermath of the High Authority's defeat.

High Authority views and actions subsequent to this conversation have been reported in Colux 232 and Colux 233.² Most recently (over the past weekend) the High Authority has consulted in Luxembourg with Mr. Jean Monnet³ on the course of action and posture which it should adopt in the future, particularly in relation to the governments and the Council of Ministers. According to High Authority officials, Monnet urged the High Authority to pursue an active policy of tackling the issues and of taking the leadership in relations to the governments and the Council. He advised the High Authority to make better and greater use of publicity to generate support for its views. At the same time, and in line with Mr. Spierenburg's position he thought it inadvisable for the High Authority to launch a political attack on the governments and the Council as a countermeasure to the rejection of the High Authority's plan for dealing with the coal crisis. With regard to the prolonged delay

¹ The Benelux nations had supported the High Authority's proposal while Germany, France, and Italy had voted against it. Debré and Jeanneney both insisted on the dominant role of national governments in setting ECSC policy.

² In Colux 232, May 22, the Mission at the European Communities at Luxembourg reported to the Department of State on the views of High Authority members on the effects of the rejection of the "Manifest Crisis" proposal. (Department of State, Central Files, 850.33/5–2259) Colux 233, May 23, commented on the damage which rejection of the "Manifest Crisis" proposal had done to the already weak authority of the High Authority and noted "considerable discussion" in the press and "community circles" on possible revisions of the ECSC. (*Ibid.*, 850.33/5–2359)

³ First President of the High Authority and now President of the Action Committee for the United States of Europe. [Footnote in the source text.]

in renewing the membership of the High Authority, he did not consider this necessarily a disadvantage, since the governments might be able to act in a more European spirit and make better appointments at a later period, particularly after the German elections.

It may be expected that Mr. Monnet's views, as in the past, will carry great weight with the High Authority.

For the Chargé d'Affaires a.i.

L. C. Boochever

Deputy for ECSC Affairs

Enclosure⁴

Memorandum of Conversation

Luxembourg, May 19, 1959.

PARTICIPANTS

Mr. Spierenburg, Vice-President of the High Authority

Mr. Boochever, U.S. Mission

SUBJECT

Situation of the High Authority following the Council of Minister's rejection of its "manifest crisis" proposals

Referring to the widespread public comment on the recent decision by the Council of Ministers in Strasbourg and the interest of the United States generally in the progress and prospects of the High Authority I inquired concerning the official reaction of the High Authority to the Council's action and any personal views that Mr. Spierenburg might have. In reply and in the course of the subsequent conversation, he made the following principal points:

1. The High Authority has taken no official position as yet, apart from the proposals to the Council in Strasbourg concerning special measures to deal with the Belgian situation.⁵ The members would be discussing on the following day the Council action and its implications. Mr. Spierenburg believed that it would be necessary to make a report

⁴ Confidential. The meeting was held at the High Authority in the Place de Metz.

⁵ Reference is to the decision of the EEC to discontinue subsidies to the Belgian coal industry. Following the EEC's action, the Belgian Government assumed full responsibility for the subsidies.

promptly to the relevant Assembly Committee outlining what had taken place. Apart from that, the main tasks of the High Authority for the near future were (a) to deal with the Belgian problem and particularly to get the Belgians to carry out the necessary and over-due structural reform of their coal industry; and (b), to contribute effectively to a coordinated energy policy for the Community in fulfillment of the High Authority's mandate from the governments.

For the rest, Mr. Spierenburg's remarks reflected his personal views about the situation.

2. While he regarded the Council's rejection of the High Authority proposals as a serious matter, he saw "no reason why the High Authority should convert it into a tragic drama." The Ministers were clearly within their rights under the Treaty in rejecting the proposals, but the disturbing aspect was the reasons and motivations underlying this action. He referred particularly to the unwillingness of the French to have the High Authority act in accordance with the Treaty provisions requiring it to limit production by enterprises rather than by country. In advocating a system of country quotas Mr. Jeanneney was, in his view, running counter to the provisions of the Treaty.

3. Mr. Spierenburg was not sure how seriously the future work of the High Authority would be affected by what had happened but considered that the attitude revealed by the French government in the coal question did not bode well. He said there had been those in the High Authority (particularly Messrs. Daum and Reynaud) who believed that, in dealing with the new French government, the main problem was to familiarize the new people in power, such as Mr. Jeanneney, with the basic concepts of the Treaty and of the Community and that the process of "education" would change the initial unsympathetic attitude. He considered that this view was now completely bankrupt and had never been valid because it was not a question of individuals, their level of information about the Community or their good will, but rather something more fundamental and basic in the attitude of the French government, of which the position on Community issues was merely a manifestation.

He thought that Monnet was also excessively optimistic about the prospects for a change in the current French attitude towards European integration, particularly the prospect of De Gaulle's more benevolent views mitigating the open hostility of Debré to the integration concept.⁶

⁶ In his first speech to the French National Assembly after assuming the prime ministership, Michel Debré spoke of a "Europe of Nations" based on the cooperation of national governments rather than a supranational European state.

Mr. Spierenburg fears that the position adopted by the French government in the rejection of the High Authority's "manifest crisis" proposals will strengthen the hand of the French bureaucracy in opposing the High Authority on other matters and make the day-to-day operations of the High Authority more difficult. He noted that the French bureaucracy had never been particularly sympathetic to the Community or cooperative.

4. The outlook for the High Authority would be clearer after a period of perhaps six months and by the end of the year it should be easier to say in which direction events were moving. In general, he had the feeling that the integration movement was checked or in recess for the time being and that nothing would be likely to change this trend for the next two years or so. He referred particularly in this regard to the French emphasis on a Franco-German axis as the dominant note of France's relations with the Continent, which in his view runs counter to any emphasis on building or developing further the integration concept. Mr. Spierenburg believes that the French are seriously misguided in preferring a Franco-German alliance to a development of strong European Communities and does not think that the French "flirtation" with Germany will last more than a year or two. He saw little to be gained from a counterattack by the High Authority since he did not believe that this would significantly influence the French government. Consequently, for example, he was inclined to have the High Authority make a factual report to an Assembly Committee and then leave to the Assembly how it wished to proceed.

5. When asked about Monnet's recommendations calling for joint action by Euratom, the Common Market and the High Authority to prepare recommendations on long-term energy policy, Mr. Spierenburg said he was puzzled concerning the objective of this maneuver. He could not explain how Monnet's ideas differed from the present mandate to the High Authority to develop such recommendations which was being carried out within the framework of the "Mixed Committee" with participation of representatives from Euratom and the Common Market. He hinted that members of the Common Market and Euratom Commissions might have prompted Monnet on this recommendation since in his view both of the Commissions would welcome such an assignment from the Ministers.

6. It was regrettable that the High Authority proposals came before the Council at a time when the German government was facing elections since no one in the government was willing to risk antagonizing German industry in these circumstances. Mr. Spierenburg did not seem to consider that there had been any fundamental change in the German government's attitude towards European integration, although the Erhard faction favoring intergovernmental "cooperation" had in his

view acquired a stronger position and German industry was making its views more strongly felt in resisting any outside influence.

7. A hopeful element for third countries in the Council's action is the precedent established with regard to import restrictions. Both the High Authority and the Council rejected the idea advanced in some quarters of introducing quantitative restrictions on imports, under Treaty Article 74, paragraph 3, without introducing restrictions on Community production under Article 58 of the Treaty.

8. Mr. Spierenburg said that his own tentative thinking was running in the direction of an eventual merger of the energy work of the three Communities in a new institutional framework. He felt that this might hold some promise since the French had already made suggestions for coordinating the energy work of the three Communities and since it was a logical step to link the various sources of energy under one set of institutions. This might be a way, moreover, in which to enlist De Gaulle's influence in a positive fashion in the integration movement. While something might be lost in this process from the point of view of the powers now incorporated in the ECSC Treaty, it was not clear how far the French or others would go in trying to weaken the present Treaty powers once they become faced with the specific problems and consequences that this would entail.

57. Memorandum of Conversation

June 2, 1959.

SUBJECT

European Integration

PARTICIPANTS

Ambassador Manlio Brosio, Italian Embassy
Minister Carlo Perrone-Capano, Italian Embassy
Acting Secretary Robert Murphy
Mr. Wells Stabler—WE
Mr. Frank E. Maestroni—WE

Ambassador Brosio referred to Foreign Minister Pella's recent visit to the United States to attend the funeral of Secretary Dulles¹ and said that it was Mr. Pella's impression, after talking with certain other Western European Foreign Ministers present at the funeral, that there was some anxiety about the progress toward the European integration. Some countries, particularly the Benelux, were worried about some aspects of French policies revealed by the recent episode involving the Coal and Steel Community High Authority. Ambassador Brosio explained that Foreign Minister Pella had hoped to discuss this matter with Mr. Murphy but lack of time had prevented this. However, he had requested Ambassador Brosio to ask whether it would be possible for the United States to take steps to encourage the further progress of European integration. Ambassador Brosio recalled that the United States had inspired the establishment of the OEEC and felt that American influence might be exerted to impress upon France the importance of moving forward with European unification. Ambassador Brosio stressed that he had nothing specific to propose but was merely asking whether the United States could do anything that might be helpful in this situation.

The Acting Secretary said that he knew that Ambassador Brosio fully understood that the United States favored European integration. He indicated that we would like to be helpful in this matter. Mr. Murphy said that the three Presidents of the European Community would be here next week and we would have an opportunity to obtain their views on this matter. He explained, however that the emphasis given by General De Gaulle to certain aspects of French policy made this a very sensitive problem which had to be approached with some care.

Ambassador Brosio recalled that the Acting Secretary had previously asked for constructive suggestions as to how to overcome certain problems caused by the French desire for tripartite consultations. The Ambassador suggested that increased United States emphasis on the importance of the European approach might well divert present French interest from the tripartite discussions. The Acting Secretary referred to a recent conversation with Jean Monnet² in which Monnet, a great supporter of European unification, continued to be enthusiastic about its progress. He said Monnet had the impression that General De Gaulle's thinking on the question of European integration was gradually evolving. Monnet counselled patience believing that this evolution would continue by itself.

Ambassador Brosio referred to a plan once suggested by the present French Prime Minister Debre as a substitute for the European De-

¹ May 27. Secretary Dulles resigned on April 16, 1959, and died on May 24.

² Not further identified.

fense Community. This plan had recommended the establishment of a committee of Foreign Ministers of the Six which would be able to decide political matters by a majority vote. It was the Ambassador's understanding that this plan no longer found favor with its author, but he thought it might be useful if the US would recall the plan to Debre. Ambassador Brosio remarked that certain official circles in Bonn, in the light of a possible forthcoming change in the West German Government,³ had also become worried over the slowing down of progress toward European unification. The Germans apparently felt that if European unification was not going to succeed, they did not have much time left to chart their future course. In this connection, the Acting Secretary noted that German Vice-chancellor Erhard will soon be visiting Washington and thought that this subject might also be explored with him. He noted that Chancellor Adenauer, when he was here for the Secretary's funeral, had again emphasized that no change in the German Government's policy was to be anticipated.

³ On April 7, Chancellor Adenauer announced his intention to run for the largely ceremonial post of President of the Federal Republic. Adenauer's announcement set off intense maneuvering within his ruling Christian-Democratic Party among candidates for his succession. On June 10, Adenauer announced he had changed his mind and would remain Chancellor.

58. Memorandum of Conversation

June 4, 1959, 3:15–3:50 p.m.

PARTICIPANTS

Germans

Mr. Ludwig Erhard, Minister of Economics, Fed. Rep. of Germany¹

Source: Department of State, Central Files, 840.00/6-459. Official Use Only. Drafted by Kohler. The conversation was held at the Department of the Treasury.

¹ Erhard was in Washington for meetings with various U.S. officials. A memorandum of Erhard's conversation with Murphy on various aspects of U.S. and West German foreign economic policy is printed in volume IV, pp. 44–50. Erhard also met with the President at 11:30 a.m. on June 5. Copies of John S.D. Eisenhower's account of this conversation, which was similar to Erhard's conversation with Anderson and Dillon, June 5, and of Murphy's account of this conversation, also June 5, are in the Eisenhower Library, Project Clean Up. A summary of Murphy's account of the conversation was transmitted in telegram 2935 to Bonn, June 5. (Department of State, Central Files, 033.62A11/6-559)

Mr. Wolfram Aloisius Langer, Chief of Basic Policy Div., Federal Ministry of Economics

Mr. Franz Krapf, Minister, German Embassy

Miss Grosse-Schware, German interpreter

U.S.

Mr. Robert B. Anderson, Secretary of the Treasury

Mr. C. Douglas Dillon, Acting Secretary of State

Mr. Graydon Upton, Asst. Secretary in charge of International Finance

Mr. Foy D. Kohler, Acting Assistant Secretary for European Affairs

Toward the end of his conversation with Secretary Anderson, Mr. Erhard said he wanted to raise the question of the Common Market and European integration. Especially in the light of the British attitude on the subject, he would like to hear U.S. views.

Mr. Dillon replied that this was the principal item that he had had in mind for discussion with the Minister back in the State Department, prior to his meeting with Mr. Murphy, but that he was prepared to discuss the question here if this were convenient to Secretary Anderson. Secretary Anderson having indicated his agreement, Mr. Dillon said that first of all he wanted to set forth U.S. views on the question the Minister had raised. As Mr. Erhard was aware, the U.S. had consistently supported European unity and integration, particularly as represented by the Common Market, Euratom, and the Coal and Steel Community. These institutions had developed around the closer French-German understanding which had the warmest approval of the U.S. In this connection Mr. Dillon referred to the President's strong support for moves toward European integration, mentioning in particular his Guild Hall speech in London,² which was made well before his election to the Presidency. There had been a number of false starts in the field of European integration. After the failure of the EDC, we had decided that the economic approach was probably the best. The most important development, of course, has been the Common Market, both economically and politically. We do believe that it would be useful if some form of understanding could be developed with the other eleven. In the form of the free trade area proposal this had not been a success. But efforts might still go ahead without, of course, disturbing the development of the Common Market. Now there was a new proposal for association of the other Seven countries³ which appeared to be in accordance with the GATT rules. We were skeptical as to how this Seven-nation proposal might develop but would be grateful to hear German views. Did the

² Reference is to the July 3, 1951, speech which General Eisenhower, then Supreme Allied Commander in Europe, made before the English Speaking Union in London.

³ Regarding the organization of the Outer Seven into the European Free Trade Association, see Document 52.

Minister regard it as a serious proposition or just a means of exerting pressure on the Common Market powers for adjustments?

Mr. Erhard replied that it was clear to him that the Common Market would not be affected by broader arrangements. The Common Market was a reality with its own established institutions such as the Investment Bank and the Mutual Assistance Fund. These institutions would not be affected by closer European cooperation. In his view the Seven were not homogeneous enough economically to support a special arrangement among themselves, though the proposal was politically interesting. In any event, he did not expect any results very soon. Mr. Erhard then referred to the pressures which had developed last January 1 when the first Common Market tariff and quota cuts became effective, as a result of which these reductions were extended generally. The next cuts were due on July 1, 1960 and he expected there would be the same experience and the same results. He thought the probable line of development would be toward greater freedom of trade in Europe with a tendency to extend this freedom globally, particularly to include the U.S. He understood that there was talk in the U.S. about possible harmful effects of the Common Market on U.S. trade but he did not believe this. In his view it would be helpful to everyone if tariff and quota reductions were made global.

Mr. Erhard said that the development of the Common Market had been more problematical under previous French governments which had been under the influence of protectionist elements. Now, however, France was stronger politically and economically as a result of which the Common Market had developed faster and more effectively than had been expected.

With respect to the problem of the United Kingdom, Mr. Erhard said that he had told the British not to push the proposed arrangements among the Seven as he was certain that the Common Market arrangements would continue to be broadened. He felt that British apprehensions had already been allayed and tension had significantly been reduced.

The Minister referred to the German proposal in the OEEC for the establishment of common policies to insure economic growth under conditions of economic stability, to include the U.S. and Canada. De Gaulle's France had agreed to this proposal. Yesterday's France would not have been able to do so.

Mr. Dillon said that we welcomed the Minister's statement and were glad to note that our views were parallel. While the U.S. was opposed to Common Market arrangements of an exclusive nature we had not shared the views of the British. We agreed that the atmosphere is relaxed and that the UK is taking a more reasonable view. The UK had always been afraid that the Common Market would develop into a high

tariff area, protecting and allowing industries to develop inside the market area and then spring out into world markets as dangerous competitors. The U.S. hopes that the Common Market will in fact develop as a low tariff area. Consequently we also hope that the spread of reductions outside the Common Market will continue, thus progressively lessening the British fears. In this connection, however, Mr. Dillon said he wanted to add that the U.S. is concerned about one thing. We would be opposed to a special arrangement between the Common Market and the United Kingdom to the disadvantage of others including ourselves. Mr. Erhard interjected at this point: "I don't want that either". Mr. Erhard then went on to say that the problem of relationships concerned not only the United Kingdom but some of the smaller states, such as Switzerland and Austria, which fear the political aspects of the Common Market. Their neutral status makes it difficult for them to join or cooperate closely in Common Market institutions. Thus Mr. Erhard believes that it is desirable to keep the Common Market as it is but to build bridges out to the other countries. Finally, in this connection he wanted to assure us that he and all Germans firmly believe that the German-French friendship and cooperation has been established for good.

Mr. Dillon said that we agreed with the views just stated by the Minister, if the bridges to which he referred were not in the form of special arrangements which would be discriminatory against outside countries such as the U.S., Canada and the Latin American nations. He would add a comment as respects the concept of the low tariff Common Market. He agreed that the French situation had improved and that the German-French rapprochement gives France a chance to follow less protectionist economic policies.

Mr. Erhard said that he had learned in the course of recent events that technological progress had made ours a smaller world. It was clear that a protectionist Common Market simply would not work—there is too much outside pressure. Hegel was right in saying that "history gets its way". Maybe at the beginning some of the participants of the Common Market had thought it would give them a protected situation but all now realized that this was not to be the case.

Mr. Anderson referred at this point to his recent visit to London to attend a bankers' gathering there.⁴ In his discussions with the British on that occasion he had found them relaxed and heard no definite talk about the Free Trade Area. He believed that they would be receptive to proposals for bridges from the Common Market outward.

Mr. Dillon then said that he wanted to mention another question, that of the German coal restrictions. He realized that the Germans had a

⁴ Anderson attended the May 7-9 meeting of the American Bankers' Association.

problem in this connection but he wanted them to appreciate that we also have a very difficult domestic situation with respect to this subject. He would not pursue the matter in further detail as the subject of coal was on the agenda for later discussion with Mr. Murphy. He went on to say that he would like to hear the Minister's views on Spain, particularly in view of the interest of the IMF and OEEC in developing a program to improve the economic situation there. It was clear that the Spaniards would require some help not only from the U.S. but from the European countries.

Replying to Mr. Dillon's observations the Minister said that first, on coal, he wanted to stress that the German action on this matter did not indicate any change from their liberal economic policies. This action was due to very heavy political pressures in the Ruhr and nervousness with respect to Berlin. The Germans had tried to handle the matter in accordance with sound business principles, particularly that there should be no embargo without indemnity. Thus they had bargained out a settlement of the contracts. Moreover they had consulted with the U.S. and the CSC with respect to their action and had avoided a declaration of a state of crisis by the CSC which would have been harmful. The Germans were now trying to work out a rational solution to the whole problem. This effort was still in the works so he could not go further at this time. Mr. Erhard went on to say that he appreciated the U.S. desire that there should be no discrimination against the U.S. in the OEEC. He did not believe this was wholly possible under GATT arrangements relating to low price countries but that the Germans would certainly do as much as they can to avoid discrimination.

As regards Spain, the Minister said that in Paris he, along with the French, had been for the Spaniards in the OEEC. It was the Belgians who were against. Spain had a completely outmoded economic system which did not meet the norms and requirements of today's world. He referred particularly in this connection to unrealistic multiple exchange rates with Spain. However, Mr. Erhard said it may be possible to help them to try to modernize their system.

Mr. Erhard went on to say that he wanted to raise another question, that of German external [vested]⁵ assets.⁶ This question was important to the Germans, not because of the dollars involved but politically. Lack of a return gave them difficulty in maintaining the principle of the inviolability of private property. Private investment abroad was discouraged as the investors felt there would be no security if the poorer countries saw that even the U.S. did not return these assets. He said that he did not

⁵ Brackets in the source text.

⁶ German property seized by the United States during World War II.

wish to go into detail on this question as the Embassy was more informed and competent to do that.

Replying to the question of the assets Mr. Dillon reminded the Minister that the U.S. has accepted the principle that there should be a repayment to the owners. He said he felt that the new approach to the question had the advantage of separating the question of return from that of the payment of U.S. claims. We do not know what results can be expected but we will take account of the Minister's views.

59. Memorandum of Conversation

June 9, 1959, 4:30 p.m.

SUBJECT

Meeting with European Community Presidents—General Questions Pertaining to European Integration; the European Economic Community; Economic Development of Underdeveloped areas ¹

PARTICIPANTS

[See Attached List]²

1. The Acting Secretary welcomed the three Presidents on behalf of the United States participants. He referred to the warm United States support for the objectives of European economic integration and political unity. He also summarized briefly some of the reasons underlying our support; for example, our hope for continued reconciliation between Germany, France and the other Community countries.

2. Dr. Hallstein expressed his thanks for the United States invitation to visit Washington and for the hospitality shown. He said that the

Source: Department of State, Central Files, 840.00/6-959. Official Use Only. Drafted by Myerson and approved by Brewster on June 29. The meeting was held at the Department of State. Separate memoranda of this conversation were prepared; see Documents 60 and 61.

¹ The representatives of the EEC visited Washington June 9–12 for discussions to improve cooperation between the United States and the EEC.

² Not printed. Brackets in the source text. Attending for the European Communities were Walter Hallstein, President of the Commission of the European Economic Community; Etienne Hirsch, President of the Commission of the European Atomic Energy Community; Paul Finet, President of the High Authority of the European Coal and Steel Community; and five other officials. Acting Secretary Dillon and Ambassador Butterworth headed the Department of State contingent of 14 officers. Eleven officials from other U.S. Government agencies also attended.

EEC Commission attaches great importance to close cooperation with the United States and establishment of relations on a solid basis. He then summarized the general status of the Communities and said that by any realistic estimate the situation was good. The Community institutions are working well and in a cooperative spirit. Members of the Commission enjoy a frank and intimate relationship and the Commissions are genuinely independent of the national governments. Relations between the Commission and the Parliamentary Assembly are also good. Dr. Hallstein noted that the Parliamentary Assembly is not yet fully developed since its members are still designated by national parliaments. He desired to see a strengthening of the dynamic political elements in the assembly and noted that a working group has been established to study the possibility of direct elections for assembly deputies.

3. Dr. Hallstein said that relations between Community institutions and the Member Governments were also good although there has been some cooling off of support for "supranationalism" as an abstract concept. In his view, however, the important thing is that the Member Governments are firmly committed to carrying out the European treaties and that without exception they are living up to their obligations.

4. Dr. Hallstein then turned to policy problems facing the European Economic Community. He said that the routine work of implementing the Treaty was exceedingly difficult from a technical standpoint but that things were moving along. The paramount policy problem he foresaw was the necessity for economic expansion within the Community. In his view the success of the entire undertaking depends on how fast meaning can be given to the Community's growth potential both in industry and in agriculture. A sound investment policy is needed in the Community. He emphasized that he was not a proponent of a planned economy, but he thought that it was necessary for the Commission to follow developments very closely with a view to giving advice and coordinating efforts of the Member States. Some of the areas demanding attention were: free movement of capital within the Community; business cycle policy; transport; and energy. Agriculture was an especially difficult problem. He said that he thought national ministers of agriculture would be delighted to transfer their problems to the Community. The Commission hoped to have a plan for common agricultural policies available by the end of the year, as a minimum something to serve as a basis for discussion with the Member States.

5. Dr. Hallstein turned to the Community's external relations, touching first on relations with the other Western European countries. He referred to the Commission's memorandum of last March on the problem of European economic association.³ He said that the Commis-

³Reference is to the "Hallstein Report;" see Document 52.

sion feels very strongly that despite preoccupations with the problems of the other OEEC countries, the Community's role in over-all world trade must be kept in the forefront. He said that opinion in some of the Member countries was unfavorable to the Commission's report due to a belief that it didn't go far enough in the direction of a European solution. The Commission felt that it had to proceed carefully in order to avoid any split within the Community. Time was needed so that non-Member countries would come to realize that their fears of the Common Market were exaggerated. In fact, he said, recent data showed that exports from the Eleven to the Six were rising faster than the exports from the Six to the Eleven.

6. As for relations with the rest of the world, Dr. Hallstein said the Commission believes firmly in the liberal approach to international trade. The Commission took a vigorous line in favor of the Dillon proposals for new GATT tariff negotiations and now looks forward to positive results from the negotiations. The Commission was making every effort to speed up completion of the common external tariff including the List G items. He asked whether Mr. Dillon had any questions.

7. The Acting Secretary said that we had noted the great interest of business enterprises in the Community in making various kinds of arrangements to take advantage of the potential of the Common Market. There was also great interest on the part of the United States firms. We hoped that with a greater market potential in Western Europe, the result would be expanded production, lower costs, and increased efficiency. We wondered, however, whether the Commission was studying the new agreements among European Community enterprises from the point of view of the Treaty's anti-trust provisions. Dr. Hallstein said that thus far the Commission has not found it necessary to intervene directly. In fact, the speed with which private enterprises in the Community are moving to adapt to the new situation is of great significance and is an encouraging omen for the future. Thus far, he saw no reason to fear that private business agreements would violate the Treaty's anti-trust provisions. He noted that only three of the Member countries have as yet adopted legislation in this field. The Commission was consulting with Member Governments about the necessary legislation and the Community's implementing regulations in the anti-trust field.

8. The Acting Secretary said that we would appreciate receiving any views Dr. Hallstein might have on the possibilities for closer fiscal and monetary harmonization within the Community. Dr. Hallstein said that this was an important problem for the future success of the Community. The Treaty contains a general mandate for the Member States to harmonize their policies in this field, and it confers on the Commission a responsibility for coordination. The Commission is trying to encourage

movement toward closer coordination by periodically bringing together national Ministers of Finance for informal working sessions.

9. Mr. Dillon said that we appreciated the efforts of the Commission to speed up preparation of the common external tariff. In fact, the end of this year would appear to be the latest practicable date for receipt of the tariff if the United States was to have sufficient opportunity to study it and prepare for the GATT negotiations. With respect to Dr. Hallstein's other comments, he said that he welcomed the Commission's emphasis on a world-wide approach to trade policy problems and its recognition of the interests of all GATT countries in connection with the problem of European economic association. He noted that the United States believed strongly in the necessity for good economic relations between the Six and the Eleven, but that we would be concerned at the possibility of European preferential arrangements which would adversely affect the economic interests of non-European areas. He wondered whether Dr. Hallstein might have any views on the current discussions among seven European nations in Stockholm concerning a limited free trade area.

10. Dr. Hallstein said that he was very interested in the United States views on non-discrimination. Frankly, the Commission was faced with something of a dilemma. Following the breakdown of the negotiations in the Maudling Committee,⁴ it appeared that it would be possible to satisfy some of the European countries only by departing from GATT rules. The Commission had been well aware all along of United States views regarding the necessity to adhere to GATT standards. The question was a delicate one within the Community. There were strong tendencies in certain quarters, based on sentimental grounds, for some kind of a larger European solution. Studies by the Commission had shown that the Community's economic relationships with some non-European countries were of even greater significance than their relationships with some of their European partners. On the other hand, there were cases like Austria which has a large proportion of its trade with the Community. Dr. Hallstein said he was personally convinced that Austria would "join the Community tomorrow" if not for the Russians. There is a firmly held idea in many quarters that Europe consists of more than the Six and that any arrangements should include all of the countries in the Council of Europe and the OEEC. There is strong pressure on Community institutions in this regard. The Commission has to take account of these political pressures. At the last GATT session,⁵ the

⁴ See Document 39.

⁵ The 14th Session of the General Agreement on Tariffs and Trade opened at Geneva on May 11.

leader of the United States delegation had expressed very clearly United States views on the importance of avoiding a discriminatory regime in Europe. Anything the United States could do along these lines to follow up in bilateral discussions with the OEEC countries would be of considerable assistance to the Community in withstanding pressures for preferential arrangements. Mr. Dillon said that adoption of liberal trade policies by the Community and a general lowering of trade barriers through the GATT might serve to ease some of the difficulties of the Eleven and serve to ease tensions which have developed.

11. Dr. Hallstein said that the Commission was not informed in detail on the Stockholm discussions. The Commission was following this matter with interest but would not wish to express concern or to be critical of the Stockholm group. He did question whether such an association would solve any problems for the Seven. It might mean a considerable commercial sacrifice for the British. The Danes and Austrians would have special problems because a large volume of their trade is with the Six. To sum up, he said that the Commission was adopting a wait-and-see attitude toward this new development.

12. Dr. Hallstein said that, although there was insufficient time to do more than mention the subject, he was anxious to touch on the question of assistance for underdeveloped areas. This is one of the most pressing problems of the age. As he saw it, the European Community had a double responsibility: There was first, the problem of the associated African territories where the French were making a considerable effort. He did not believe this was the end of the Community's responsibility, however, because the problem is a global one. The Community was beginning to study the problem. Dr. Hallstein concluded by saying that the United States had carried the burden alone in the past, and that he now hoped the Community could increasingly assume its responsibility in cooperation with the United States.

13. The Acting Secretary said that the underdeveloped areas problem was, indeed, a matter of paramount importance. As Europe's economic strength grew, he believed it both necessary and appropriate that the European share in economic assistance efforts should increase. He thought that the United States might be approaching the limit of the resources it could make available for this task even though the needs of the underdeveloped areas were great. He appreciated having Dr. Hallstein's views and thought that in due course the United States and the Community would have to work toward greater coordination of their efforts in this field.

60. Memorandum of Conversation

June 9, 1959, 4:30 p.m.

SUBJECT

Meeting with European Community Presidents—Questions Pertaining to the Coal-Steel Community

PARTICIPANTS

[See Attached List]¹

In his general statement M. Finet noted that the Common Market for steel is a real common market and is working well. One indication of the reality of this common market is a recent complaint by Germany that, following the devaluation in France, French steel was selling at lower prices than German steel in Germany. M. Finet said that the scrap problem had to be solved to assure continued high-level steel production. Although there is no shortage of scrap at this time, when steel production is very high, as it has been in the past, the Community is overly dependent on imported scrap.

The main current concern of the High Authority, M. Finet said, is the coal situation in the Community. Although the common market for coal was established early in the life of the Community, there is not really a common market for coal in the sense that there is for steel. When the Community first came into existence, there was a serious shortage of coal and the High Authority was obliged to force Germany to send some of its coal to Italy. At that time Community coal was so short that Italy had to import large quantities of United States coal. The problem now is a temporary surplus of coal in the Community.

M. Finet said that he realized that the U.S. was concerned with recent restrictions on the import of U.S. coal to the Community and said that the High Authority was not happy with these restrictions. Some of the coal production in the Community was “political production”, maintained because of certain pressures. What was needed, M. Finet said, was a policy of business expansion which would take up the slack in coal. The problem, however, is not only coal. There is a need, M. Finet said, for a general energy policy in the Community and the High Authority has responsibility for formulating this policy. A mixed group made up of representatives from the three Communities has been estab-

Source: Department of State, Central Files, 840.00/6-959. Official Use Only. Drafted by Ruth Kupinsky and approved by Brewster on June 29. Regarding this meeting, see Document 59.

¹See footnote 2, Document 59.

lished to assist in the formulation of a general energy policy. For this task, M. Finet said that the executives of the Communities must have the cooperation of the member countries.

Mr. Dillon said that this was his first chance to talk with the High Authority on the coal problem. In the past he had the opportunity to speak with representatives of Germany on the coal problem and had expressed on these occasions the extreme concern of the United States regarding the restrictive measures on exports of United States coal to the Community. Mr. Dillon said he was grateful to the High Authority for the assistance it had provided in modifying the original German restrictions in the direction of making these more liberal. The United States felt strongly that the Community's coal policy should be liberalized. There was a long-term need for U.S. coal in the Community and it might not be possible to assure the availability of U.S. coal in the quantities needed unless there was a stable market for this coal, free from violent fluctuations. Mr. Dillon said that the United States was aware of the fact that some coal production in the Community was carried on for political reasons and that he hoped uneconomic coal production would be eliminated. Mr. Dillon noted that the United States had closed uneconomic mines, resulting in the discharge of miners and that the United States coal industry and labor were disturbed that the Community was maintaining uneconomic mines and curtailing exports of United States coal, to the detriment of U.S. labor and industry.

Mr. Dillon then observed that the United States had heard reports that Germany was exerting pressure on Italy to take German coal in place of United States coal. Mr. Dillon said that if this happened it would be a cause of serious concern in the United States. He said that in light of the long-term need for United States coal in the Community it would be unfair to take advantage of a short-term situation. Mr. Dillon also asked M. Finet if he would comment on the High Authority situation vis-à-vis the member governments in light of the recent rejection by the Council of Ministers of the High Authority's coal proposals. He asked whether the High Authority was considering any new proposals for submission to the Council.

M. Finet, in commenting on Mr. Dillon's remarks, said that the High Authority had a program for closing down uneconomic mines in Belgium. It was hoped to reduce Belgian coal capacity by 2 million tons this year. The problem was not confined to Belgium, however, but extends also to the Ruhr. Since 1953, M. Finet said, 40 mines had been closed down in the Community.

M. Finet said that there had been a Belgian proposal for subsidizing the export of surplus Belgian coal to Italy. The High Authority had re-

jected this proposal and would continue to oppose suggestions of this nature.

Mr. Dillon said he hoped the High Authority would continue to encourage the closing down of uneconomic mines.

Mr. Bennett, Under Secretary, Interior Department, said that the Community's coal import restrictions overlooked the question of the need for an over-all, unified energy approach. He noted that at the same time that coal was in surplus in the Community, Germany was said to be subsidizing the construction of new electric power plants which ran on oil. Mr. Bennett suggested that the Community and the member governments take an over-all look at the energy situation.

61. Memorandum of Conversation

June 9, 1959, 4:30 p.m.

SUBJECT

Meeting with European Community Presidents

PARTICIPANTS

[See Attached List]¹

President Hirsch began his presentation on the status of the work of the European Atomic Energy Community by stating that as far as EURATOM is concerned there is a completely integrated staff with members from the six countries working as a team. He said that the internal nuclear Common Market is established and has been functioning since January 1, 1959. This means that within the six countries there are no barriers to trade in nuclear products. With regard to the Community's external relations, a low external common tariff has been established and as an interim measure the principal items in nuclear trade have been relieved of even this duty for a period of three years.

President Hirsch went on to stress the aim of the Community to develop to the fullest extent possible the research necessary for an expansion of activity in the nuclear field. He said that an inventory of all

Source: Department of State, Central Files, 840.00/6-959. Limited Official Use. Drafted by Kupinsky and approved by Brewster on June 29. Regarding this meeting, see Document 59.

¹ See footnote 2, Document 59.

existing facilities has been completed and that this was a major task. He added that this preliminary inventory may not be as complete as he would have wished but that certain groups, particularly the private industrial research laboratories, are reluctant to reveal full details of their work. He was sure, however, that this situation would improve.

With regard to the major research program called for by the Treaty, the Commission had chosen two methods for carrying out this program:

1. Placing contracts with existing research centers, and
2. The creation of common research centers.

With regard to the first method, contracts are now in preparation for work to be done in French research centers under the control of the French Commissariat for Atomic Energy (CEA), at the Max Planck Institute in Munich and at a Netherlands research center. He mentioned in connection with these first contracts that work would proceed on fusion development. The one firm rule established by the Commission for work in existing centers is that there must be a "European" team working on the project. He said that a difficulty on the research side is that there are really too many small research units performing duplicating work and that, therefore, the problem was to coordinate and expand the work being done in these institutions in a way which insures the best use of technical talents available.

With regard to the second method for carrying out research, President Hirsch indicated that the first common research center would be in northern Italy at Ispra but that it would not be started from scratch. He said that building a new center would be too costly and would also take too much time. The Commission has decided therefore to negotiate the transfer [of] existing installations to EURATOM control. He said that two other common research centers would be established; one, in The Netherlands; and another, at Karlsruhe—the latter concentrating on plutonium work.

President Hirsch said that the Commission had already issued rules for the protection of health and safety and that now it was up to the national governments to put these rules into force by passing appropriate legislation.

He indicated that the Commission had given urgent attention to the problem of third-party liability insurance protection and that an agreement had been reached to use the OEEC agreement on third-party liability as a basis for action in the Community but that additional coverage was needed. Therefore, the Commission has drafted a supplementary convention to afford up to \$100 million of indemnity protection over the insurable amounts provided for in the OEEC draft of \$5–\$15 million. He said that the EURATOM convention had been submitted to the Council

of Ministers but that the final steps would require national legislation as well as ratification of both the OEEC and EURATOM texts.

President Hirsch then described the EURATOM program with third countries. He began by expressing his thanks for the great assistance of the U.S. Government to EURATOM during its early organizing phase. The Joint Program, he said, proved essential in establishing EURATOM's position in the nuclear field. President Hirsch admitted that the energy situation had changed in Europe and that in some minds the fears of energy shortage of two years ago had been somewhat removed with Suez behind us, relative stability in the oil producing areas, as well as the increased availability and low price of conventional sources of energy. He mentioned specifically the oil and natural gas discoveries in North Africa. He said that this had perhaps made less urgent the need for developing large-scale atomic power resources but that he could not help but believe there would be tremendous future needs for power in Europe as the European economy grows. He mentioned the fact that European production of power is only now approximately 230 million kilowatts whereas the United States, with almost the same population, is producing about 720 million kilowatts. He stated that perhaps within the next five years nuclear power would not be an important source but that certainly in 20 years nuclear power would have to take its place alongside conventional sources of energy. He stated that the US/EURATOM Joint Program was, therefore, only a "drop in the lake of energy requirements" and that in effect it was a minimum program to provide experience to European utilities and industry in the operation of large-scale nuclear power plants.

President Hirsch then referred to the negotiation of a comprehensive US/EURATOM agreement, mentioning in this connection the complications caused by the existing bilaterals and the fears of certain countries that something might be taken away from them if they gave up their bilateral relationship with the United States. He stated, however, that although the negotiation of the comprehensive agreement may not be an easy task, it should be possible to find formulae to satisfy all concerned.

President Hirsch then described the other agreements EURATOM has signed with third countries, mentioning specifically the UK Agreement which, he said, has worked out very well. Several working-level committees have been established and are now carrying on discussions dealing with criticality problems and fusion. There will also be cooperation on the advanced British designed gas-cooled reactor.

President Hirsch indicated that EURATOM has had extensive talks with Canada and it is the Commission's hope that an agreement will shortly be signed providing for very close collaboration with Canada on

heavy-water reactor development with which the United States should also be associated.

President Hirsch indicated that EURATOM was working closely with the OEEC and that in addition to work on health and safety and third-party liability, EURATOM had entered into agreements to contribute to and cooperate with OEEC projects such as Dragon and Eurochemic.

With regard to the IAEA in Vienna, President Hirsch said that the situation was quite different and was complicated particularly by the Russian attitude which considers EURATOM not to have purely pacific goals. President Hirsch said that he would appreciate any U.S. assistance in helping to develop EURATOM relations with the International Agency.

President Hirsch also mentioned the creation of an European University called for by the Treaty and said this was a very important development for the future of Europe. He said that this institution should not be solely designed to train nuclear scientists but should rather address itself to the broader problem of academic training in all areas.

Finally, President Hirsch stated that the principal problem facing all the Communities is the question of economic expansion. He said that the Russian economic expansion was 8-10 percent per year and that, therefore, a 3-5 percent expansion for the European Community was not enough. He agreed with President Hallstein that there should be no "planned economy" in the Russian sense but he felt that there was a great need for planning to assure an expansion of the economy. He considered the Community countries to be underdeveloped countries in the sense that their full growth potential was not being realized.

Mr. Dillon expressed his thanks for the full report that President Hirsch had made on the work of EURATOM. He expressed once again the full support of the United States Government for the Joint Program and stressed our belief that it would be successfully implemented. He said that the United States will do all that it can in working with EURATOM to assure this success. He agreed that the one million kilowatt program was a modest program which would give essential experience to Europe in the operation of nuclear power plants.

62. Memorandum of Conversation

June 13, 1959.

SUBJECT

Dr. Hallstein's Views on European Integration Problems and British and French Attitudes

PARTICIPANTS

Walter Hallstein, President of the Commission of the European Economic Community
Dean Brown—Office of Western European Affairs
Russell Fessenden, Deputy Director, Office of European Regional Affairs

In the course of a dinner conversation, Dr. Hallstein made the following points of interest on the European Economic Community and related problems of European integration.

1. The British position towards the Common Market will be resolved when someone emerges on the scene in the U.K. who fully accepts the reality of the Common Market. Dr. Hallstein likened the situation to his negotiations with the French on the Saar. He had tried unsuccessfully for some time to negotiate a Saar settlement with the French Government, but was unsuccessful because he could find no one prepared to accept the basic fact that the Saar was in reality completely German-oriented. When Maurice Faure became responsible for the problem on the French side, Dr. Hallstein began his discussions with him by simply saying "Are you prepared to accept the fact that the Saar will be completely integrated into Germany within a year?" Faure was a little taken aback by this initially, but after some reflection, said that he was prepared to accept this. Dr. Hallstein then said, "Good. We will be able to reach a settlement." What is now needed on the British scene is a "Maurice Faure" prepared to accept the reality of the Common Market. Dr. Hallstein said that he did not now see anyone in England prepared for this, but he was hopeful that someone would emerge. As soon as that happens it should be much easier to resolve the problems of relationships between the Common Market and the U.K. and other European countries.

2. Dr. Hallstein was relaxed about the prospects about the Outer Seven forming a unit comparable to the Common Market. The Common Market countries form a natural unit, and it was difficult enough for them to get together. The Outer Seven countries, on the other hand, by

no means form a natural unit. Denmark for example, is really on the fence between the Outer Seven and the Common Market. For Austria the problem is basically political. If the political problem of Austrian neutrality did not exist, Austria would join the Common Market readily.

3. Although unwilling to make any predictions, Dr. Hallstein clearly felt optimistic that the Common Market's transitional period would be speeded up. He cited a comment Chancellor Adenauer had made during hearings on the Common Market Treaty in Germany.¹ Adenauer had said that the 12-15 year transitional period was not particularly important. If the treaty is a success, the transitional period is likely to be much less; if it is a failure, many more than 15 years will not be enough. Signs now point very clearly to the Common Market being a success, especially because the business communities in the Six countries have not only fully accepted the Common Market but are moving at a much faster rate than the governments to adjust to the Common Market. As this process continues, it is quite possible that there will be strong pressure from private groups of both business and labor to speed up the transitional period and bring about the Common Market in a much shorter time than in ten years.

4. Dr. Hallstein said that he had recently talked to Premier Debre. He had found Debre to be just as strongly opposed as he expected to the supra-national concept. He had told Debre, in effect, that he was not greatly concerned about these conceptual aspects. All that mattered to him was that the actions required by the Common Market Treaty be adhered to.

5. In answer to a question, Dr. Hallstein said that very little progress had been made with the African Development Fund of the EEC. In his talk with Debre he had told the latter to drop his suspicions of the Fund and to permit EEC officials to visit various Community areas. He told Debre that the Fund had been wrung out of the Germans and should be used. Debre, he thought, may have been somewhat impressed, but not much, at his statements that the aim of EEC is to help France in Africa, not to supplant it.

6. Dr. Hallstein said that he had also talked with de Gaulle some time ago. De Gaulle had also put much emphasis on the fact that the concept should be one of international cooperation, organization, not of a supra-national unit. Dr. Hallstein said that he had deliberately avoided debating this conceptual difference with de Gaulle. Again, all that mattered was that the treaty be adhered to. Dr. Hallstein said that he was not discouraged about de Gaulle's attitude, for he felt that the Franco-Ger-

¹ June and July 1957.

man rapprochement was very basic to de Gaulle's thinking. He said that the meetings between Adenauer and de Gaulle had built up an invaluable relationship. De Gaulle's comments, especially at the recent Bad Kreuznach meeting,² had been very reassuring indeed. Even as skeptical a person as the Chancellor was completely reassured by the categorical nature of de Gaulle's assurances.

² November 26, 1958; see footnote 1, Document 40.

63. Circular Telegram From the Department of State to Certain Diplomatic Missions

June 27, 1959, 6:57 p.m.

1450.

1. Pending further advice from Dept addressee Missions should be guided by following in answering queries re US attitude toward "outer seven" free trade area proposals:

A. US has followed with interest recent Stockholm discussions.¹ At present US has no detailed views re technical report developed by representatives Austria, Denmark, Norway, Portugal, Sweden, Switzerland and UK since it not yet fully informed re specifics of report and will need time consider carefully.

B. US would envisage commenting on details any plan adopted by Seven from standpoint implications for international trade and GATT consistency. We assume that other third countries will similarly wish offer comments.

C. Initiative in connection "outer seven" naturally rests with nations directly concerned as is case with any regional economic grouping. GATT recognizes contribution customs unions and free trade areas can make to expanding regional and international trade and US for its part would be prepared support in GATT FTA arrangement of these seven nations provided such arrangement substantially meets standards GATT Article XXIV. Have in mind for example requirements that FTA

Source: Department of State, Central Files, 440.002/6-2759. Confidential. Drafted by Myerson. Sent to Ankara, Athens, Bern, Bonn, Brussels, Copenhagen, Dublin, Geneva, The Hague, London, Lisbon, Luxembourg, Oslo, Paris, Reykjavik, Rome, Stockholm, Vienna, Madrid, Helsinki, and Ottawa.

¹ See Document 52.

arrangements cover substantially all trade of member countries and that there be definite plan and schedule for complete removal internal trade barriers.

D. Conversely US would be seriously concerned and would have to reserve fully its attitude toward any plan (in Western Europe or elsewhere) which departed in significant respects from GATT standards.

2. FYI. Dept considering possible political and economic advantages and disadvantages limited FTA and has not made final assessment pending receipt additional information and field views. Do not see same positive political grounds for US support nor comparable elements economic integration as in EEC. Until Dept has opportunity consider all factors entering into situation, missions should be guarded in any comments on broader political aspects. Among other things we wish be able consider reactions European countries, including Common Market, and non-European countries to Stockholm discussions. Following are examples main questions which occur to us and Dept will welcome any further views from missions on these or other aspects:

A. Will outer seven FTA serve to improve chances for mutual accommodation between Common Market and other OEEC countries or is result apt to be divisive?

B. What will be likely economic and political effects on countries not included in limited FTA; e.g. Turkey, Iceland, and Finland? For info addressees who not informed Dept has learned in confidence of recent Greek initiative to seek association with EEC.² End FYI.

3. Separate message follows for London.³

Dillon

² Greece applied for membership in the EEC on June 8.

³ In telegram 11371 to London, June 27, the Department instructed the Embassy to seek clarification from the British Foreign Office on the nondiscriminatory objectives of the proposed Free Trade Association and its relationship to the British trading area. (Department of State, Central Files, 440.002/6-1759)

64. Telegram From the Embassy in Finland to the Department of State

Helsinki, July 16, 1959, 11 p.m.

43. President Kekkonen following informal private luncheon yesterday told me following re Finnish position on Outer Seven plan.

Described interest in Seven as natural economic step consistent with trade interests. Statements do not mean Finland has joined, but he hopes and believes it will. At same time intends to endeavor to maintain East trade at substantially present level. Said might have to adhere to Seven plan with certain reservations in order make clear no official connotation. Expressed some concern in this connection re Seven relationship to Six. Warmly praised Sukselainen for good job at Kungälv.¹

In response my queries, said he expects no difficulty from Russians; did not consult them in advance, could not and would not ask them since this would suggest objection expected. Said he had told Soviet Ambassador Zaharova earlier in response latter's casual remark re Soviet interest in developments re free trade area plans that he could not then and would not in future discuss this with him since purely economic and Finland's business.

Hickerson

Source: Department of State, Central Files, 440.002/7-1659. Secret; Limit Distribution.

¹ At a meeting of the Nordic Prime Ministers in Kungälv, Sweden, Sukselainen stated that Finland would join a free trade area whose objectives were solely economic in character and did not include plans for political integration.

65. Airgram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, July 23, 1959.

Polto 6-82. Pass Treasury. Refs: Polto 12, Oslo's G-1, Depcirtel 1450, Polto 73 and Depcirtel 53.¹

1. Depcirtel 53 most helpful and in line with our thinking. USRO has been giving consideration also to the effects deriving from the creation of OS in the broader framework of all-European cooperation and integration. In our view, this calls for consideration of political as well as economic and commercial policy aspects, particularly implications for solidarity within NATO which could stem from problems and divisions amongst its members.

2. It has long been U.S. policy to work towards economic and political integration of Europe, in the belief that by the reduction of artificial barriers there could develop a better economic, social and political situation on the continent. The hope that this would help to contain the historic Franco-German rivalry, weld Germany politically as well as economically into Western Europe, and create a stronger European family within the Atlantic Community constituted the chief political motivations of the U.S. policy.

3. The failure of EDC, and more recently the advent of de Gaulle, and the effects thereof on the kaleidoscopic German situation make it seem unlikely that further major steps towards political integration will take place in the near future. It seems to us, rather, that economic cooperation within a political framework short of further integration will be the key in which this music will be played for some time to come.

4. The establishment of the ECSC, the EEC and EURATOM has received major support from the U.S. While it is, and will remain, true that the Six, because of more similar problems and interests, will continue to be organized and ready to take steps in more areas than will the others, a divisive element stems from the very nature of such an inner group.

Source: Department of State, Central Files, 440.002/7-2359. Confidential. Drafted by Wolf. Pouched to the NATO capitals.

¹ Polto 12 from Paris, July 2, reported the "preliminary impressions" of the Mission on the efforts of the "Outer Seven" to form a free trade area. (*Ibid.*, 440.002/7-259) Airgram G-1 from Oslo, July 2, reported on the arrival of Soviet diplomatic personnel in Norway. (*Ibid.*, 601.6157/7-259) Circular telegram 1450 is printed as Document 63. In Polto 73 from Paris, July 9, the Mission reported on Dutch reservations that it shared on Italo-French proposals for political consultations within the EEC. (Department of State, Central Files, 740.00/7-959) Circular telegram 53, July 15, clarified instructions on the treatment of questions about U.S. policy toward the EEC and "Outer Seven" given in circular telegram 1450. (*Ibid.*, 440.002/7-1559)

5. Exclusion of less developed countries from Outer Seven creates a further division which may leave them feeling isolated and alone.

6. Recognizing that these questions are still in their early stages of development, and that they are basically for Europeans to solve, we nevertheless believe strongly that U.S., in its public pronouncements, should begin to place greater emphasis on importance of closer cooperation within Europe as a whole, particularly in contrast to our prior stance which has tended to give impression that U.S. support for Six was more solid than for this broader aspect of policy.

7. It seems to us that this issue will be gradually crystallizing within the next 12 months, and that it will become apparent whether relations between Six and others will lead to some sort of a bridge between them, or to a real division on the continent.

8. Specifically, we recommend that U.S. take an early opportunity to indicate publicly and officially that we welcome development of Outer Seven to the end, we hope, that in connection with Community of Six which has long had our support, and other European countries, all can collaborate in further close cooperation on all-European scale so that Free Europe may realize its full potential.

9. We believe that later this year we probably will have opportunity to indicate more strongly the full weight of importance which we attach to bridging the gap between these divisive groupings, and USRO recommends that the situation be kept under constant review in order to make that move at the right time. However, some further developments between the Six and the Seven, which may be affected by the possibility of British elections this Fall, makes us hesitant to say just when that moment will be.

Burgess

66. Instruction From the Department of State to Certain Diplomatic Missions

CA-1610

August 18, 1959.

SUBJECT

Relationship of Existing Bilateral Agreements to Proposed General Agreement with Euratom

The United States Government has long believed that a general agreement with Euratom comprehending as far as possible the provisions of our bilateral agreements with the member states and expanding the field of cooperation would considerably strengthen Euratom and provide a more effective framework than now exists for our relations with Euratom and the individual member states. Negotiations for an agreement of this kind were anticipated in relevant articles in most of the bilateral agreements with the member states, in articles 103 and 106 of the Euratom Treaty, Article 14 of the Agreement for Cooperation with Euratom and in Under Secretary Dillon's statement on policy before the Joint Committee on Atomic Energy on January 22, 1959.¹

Immediately after initialing the recent amendments to the existing bilaterals with five of the member states on July 2, the Department gave to the Chiefs of Mission letters (Annex A)² setting forth our understanding of the purpose of the amendments just negotiated with particular reference to our hope of negotiating in due time a general agreement with Euratom comprehending the member states' bilateral agreements. We have now received acknowledgments to each of our letters (Annex B). The sense of these letters and discussions held in connection with the letter before it was sent revealed, in our view, excessive concern on the part of the member states about the effects that such an agreement would have on their bilateral relations with the United States in the field of atomic energy.

The member states, and particularly France, seem to fear that a comprehensive agreement with Euratom would remove certain present advantages now available to them. While this concern is understandable, it is not justified by the facts. It may not prove to be possible to permit Euratom to assume all rights and obligations now contained in the bilateral agreements, but even if it is possible, it is not our intention to

Source: Department of State, Central Files, 840.1901/8-1859. Official Use Only. Drafted by Chapin and Schaetzel. Sent to Bonn, The Hague, Paris, Rome, and Brussels for the Embassy and USEC.

¹ For text of Dillon's statement, see Department of State *Bulletin*, February 16, 1959, pp. 247-249.

² Neither of the annexes is printed.

hinder in any way direct contact between member states' atomic energy commissions on the one hand and the United States Atomic Energy Commission and private institutions on the other. Despite our belief that a general agreement would strengthen Euratom, we do not think that it would in any way be an instrument competitive with the national interest of the member states in developing their individual atomic energy programs. In no sense would it be "a complete substitute for French national development" as the French reply states. Furthermore, as indicated in the letters to the Chiefs of Mission, we are prepared to consider including in the general agreement an identification of the fuel arrangements contained in the existing bilaterals which would assure the member states that there would be no limitation on their rights of access to special nuclear material provided for in the present agreement.

The primary purposes of bilateral agreements are to meet the legal requirement applying to the transfer of American special nuclear material and certain nuclear facilities and to provide adequate guarantees against the misuse of such material. A comprehensive agreement could result in a simplified system of relations whereby the United States could transfer materials to the Euratom supply agency destined for both the community and the national projects. A single community safeguard system administered by Euratom could also replace our present bilateral safeguards arrangements and thereby facilitate the transfer of material within the community in connection with joint projects. Technical and commercial contacts, exchange of literature and visits of foreign nationals to our facilities can be and have been carried out fruitfully in areas where no agreement for cooperation exists. It should be noted that extensive cooperation and consultation has developed between the United States and the European Nuclear Energy Agency (OEEC) in the absence of any formal agreement.

Addressee missions should use any appropriate opportunity to stress the foregoing upon atomic energy officials and appropriate officers of the Foreign Offices. Before actual negotiations are undertaken with Euratom, in conjunction with the member states (perhaps this fall), to explore the type of general agreement which might be negotiated, the member states should be persuaded of the actual nature of United States objectives in concluding a comprehensive agreement. However, while we should not hesitate to reaffirm our desire to strengthen Euratom, this point should not be overstressed in view of the member states' impression that we are desirous of strengthening Euratom at the expense of their national programs. Chief emphasis should be placed on the point that a general agreement with Euratom would not be competitive with national programs or in any way hinder direct contact between the USAEC and member state atomic energy commissions.

USEC should consult with President Hirsch and other members of the Euratom Commission and staff along the same lines, impressing upon the Commission the importance of initiating a similar effort by the Community with the member states.

Dillon

67. Telegram From the Mission at the European Communities to the Department of State

Brussels, September 10, 1959, 7 p.m.

Ecbus 100. For Under Secretary Dillon and Deputy Under Secretary Merchant. Info Tuthill RA. During last several days I have had conversations with President Hallstein and key EEC commissioners, following their special two-day session to review upcoming problems, especially external relations with Europe and rest of world. Leadership in commission, subsequent to that special session, is seeking community posture in its external relations which will preserve undiluted the movement of the Six toward economic union and eventual political federation, while meeting legitimate trade concerns of British and others.

I understand that commission plans propose that community official make statement shortly after Council of Ministers meetings September 11 to effect that time is not ripe for negotiation possible European Economic Association, but that community would be prepared propose joint committee with Seven to consider ways and means of resolving specific trade problems which might arise.

Consistent with its strong desire orient its external relations toward free world as a whole rather than toward OS, leadership in commission also seeking establish following policies: (a) unilateral extension to all countries of expansion in industrial quotas scheduled for January 1, 1960, as a step toward their ultimate elimination; (b) similar unilateral extension to all MFN countries of internal tariff reductions scheduled for July 1, 1960, provided such reductions not below eventual level common external tariff; (c) announcement of community's willingness to

negotiate on a basis of reciprocity reductions of 20 percent in common external tariff either incorporating results of upcoming GATT negotiations [or?] as first round supplement thereto.

Above-described free world approach to external relations based in great part on estimation that the changed world economic situation (such as disappearance of dollar gap problem) no longer permits, much less makes desirable, coalescence in Europe of new tariff preferential area lacking positive political advantages of Six. However, above-described approach to external relations subject to variety strong external and internal pressures to initiate conversations quickly for association of OS with Six.

I fear that to extent US appears accept OS even tacitly (for example, Deptels 1844 and 2046 to London),¹ commission endeavor to keep common market relations orientated toward entire free world will be jeopardized. Commission sincerely believes OS contrary even liberal interpretation GATT Article XXIV, but convinced that OS will be able round up sufficient votes in GATT if US permits. Thus evolving US position on OS being followed with deep interest and concern.

Each step that brings OS closer to consummation strengthens position of those who seek immediate commercial advantages for Europeans, rather than eventual European federation. Since there has been no significant change from last year in the fundamental positions of the two sides, there is a real risk that the outcome of any new negotiations would become promise preferential arrangements contrary to American interest in real European integration, and commercially discriminatory against US and less developed countries.

Both Birgfeld and I sense that degree of discrimination which US eventually would suffer in wider European FTA or substitute therefore will be no less than, and perhaps much more than, that which our actions permit vis-à-vis OS.

Butterworth

¹ Both telegrams 1844, September 2, and 2046, September 9, indicated that the United States would view a free trade grouping of the "Outer Seven" favorably if it embraced the principles of the GATT. (*Ibid.*, 394.41/9–259 and 394.41/9–959, respectively)

68. Memorandum of Conversation

September 23, 1959.

SUBJECT

Outer Seven

PARTICIPANTS

Austrians

Dr. Bruno Kreisky, Minister of
Foreign Affairs ¹
Dr. Wilfried Platzer, Austrian
Ambassador
Dr. Heinrich Haymerle, Director of
the Political Division, Foreign
Office

Americans

Under Secretary Dillon
Mr. White—EUR
Mr. Cameron—WE
Mr. Wehmeyer—L/EUR
Mr. Wells—WE

The Foreign Minister explained that Austria could not join the Common Market primarily because it would not be compatible with Austrian neutrality. He said Austria would participate in the Outer Seven in the hope that it would lead to a larger free trade area in Europe.

The Under Secretary hoped that, if the Outer Seven group became a reality, it would be compatible with GATT provisions and would contribute to free multilateral trade. We would be very disturbed if any economic groupings of European countries failed to contribute to the expansion of multilateral trade. The Under Secretary thought that perhaps, if the Outer Seven should not become a reality, Austria might work out some special arrangement with the Common Market.

The Foreign Minister said that Austria had not had very happy experiences in working out special arrangements. He gave as an example Austria's attempts to work with the Coal and Steel Community. He described the Germans as cooperative, but he had had considerable difficulty with the French. For example, he had repeatedly asked the French Ambassador in Vienna for the views of the French Government on any possible way Austria could become associated with the Common Market group, but he had received not a single word in reply to his requests.

The Under Secretary pointed out that one of the most encouraging developments of the past year was the improved economic condition of France. As a result, French businessmen are becoming less afraid of for-

Source: Department of State, Central Files, 440.002/9-2359. Confidential. Drafted by Wells and initialed by White.

¹ Kreisky was in the United States to attend the 14th Session of the U.N. General Assembly and the annual meeting of the International Bank for Reconstruction and Development.

eign competition. The feeling in American circles is that the French have begun moving, and may go further, towards thinking in terms of a low tariff, rather than a high tariff, area. We of course favor such a low tariff area. He added that the result of such a development might be the acceptance by France of generally lower external Common Market tariffs, which would of course be beneficial to Austria.

69. Memorandum of Conversation

September 28, 1959.

SUBJECT

Relationships Between the EEC and the Outer Seven

PARTICIPANTS

German Economic Minister Erhard¹
Under Secretary Dillon

Erhard opened the conversation on this subject by saying it was vital that Europe not be split into two groups and that some sort of agreement be reached between the Six and the Seven. He felt the possibilities for agreement were better than they had been and indicated that the EEC Commission had developed a better understanding of the problem. He said that the development of the EEC must continue as there was not only an economic but a strong political reason for it. However, there were some problems on the political side since Debre did not seem willing to move at all in this direction. He felt that it was probably unwise to push the French too hard in the political direction at this time. I agreed that probably the best approach was to work towards the completion of the economic unity of the EEC which could create, by its very nature, a pull for political unity.

I said that the United States had favored a Free Trade Area and when that had proved impossible we had done everything we could to influence the EEC towards adopting an outward-looking attitude with

Source: Department of State, Central Files, 440.002/9-2859. Drafted by Dillon.

¹ Erhard was in Washington for the annual meeting of the Board of Governors of the International Monetary Fund.

as low external tariffs as possible. I said that if the Outer Seven was created in such a way as to be consistent with GATT, we would support it also. However, there was one thing which gave us real concern and that was any sort of discriminatory arrangement between the Six and the Outer Seven which would operate to the detriment of the rest of the world and particularly the United States. Erhard avoided a reply to my remarks about discriminatory relationships between the Six and the Seven, and repeated several times his strong belief in the principles of free and liberal trade and his zeal in working for a liberal attitude toward the whole world on the part of the Six. I repeated my concern regarding any discriminatory arrangement between the Six and Seven and stated that if such a discriminatory arrangement came into being the United States would have to oppose it in the GATT. I mentioned the recent proposals of the European Economic Commission made by Hallstein at Strasbourg, and said that they seemed reasonable to us. Erhard agreed that they were a good set of proposals and should be supported. It was these proposals that made him feel more confident about the future relationship of the EEC and the Outer Seven.

Erhard then pointed out that Germany has a real interest in trade with the Scandinavian countries. He said that if the Outer Seven developed in competition to the EEC, Germany might well suffer substantial losses in this important market. I told him that we favored any relationships that could be developed between the Six and the Seven as long as they were not discriminatory against the United States and the rest of the world. I said that I felt that if tariffs generally could be lowered, the problem would be greatly eased. Erhard stated that he agreed with me and finally said that he recognized our concern about discriminatory arrangements within Europe which he conceded would be bad for EEC's relationships with the rest of the Free World. He said that there must be an effort to work out the relations with the Seven in some way that would not discriminate against the rest of the world. We found ourselves in full agreement at this point.

70. Memorandum of Conversation

September 29, 1959.

SUBJECT

European Integration

PARTICIPANTS

For the Netherlands

Dr. Joseph Luns, Foreign Minister¹
Dr. J.H. van Roijen, Ambassador
Dr. J.C. Kruisheer, Economic
Minister

For the United States

The Under Secretary
Ambassador Philip Young
Mr. Vass—TRC
Mr. Chadbourn—WE

The Netherlands Foreign Minister said he had expressed his concern to the Secretary that morning about certain recent developments in the European movement.² Mr. Luns then sought Mr. Dillon's opinion on one of these developments, the Hallstein Report. Mr. Dillon replied that he had been somewhat surprised to hear from the Secretary at lunch that Mr. Luns was disturbed by this report. Only very recently Mr. Erhard had said that he thought the report would actually facilitate negotiations between the Six and the Seven. Mr. Luns replied emphatically that, quite to the contrary, Mr. Hallstein's project if carried out, would close the door on negotiations with the Seven. He emphasized the point that the Six must not be permitted to shut themselves in, for this could only lead to the gradual division of Europe.

Mr. Luns then outlined his understanding of United States policy toward the European movement in general: While the United States supports the Common Market, the United States has reservations about a wider association which might have the effect of diluting the original concept of the Six and thereby put a halt to progress toward real European integration. The Dutch subscribe to these positions, he continued,

Source: Department of State, Central Files, 440.002/9-2959. Confidential. Drafted by Chadbourn.

¹ Luns was in the United States to attend the 14th Session of the U.N. General Assembly and the annual meeting of the Board of Governors of the International Monetary Fund.

² In his discussions with Herter, Luns expressed concern that the French-Italian effort to organize consultations among the EEC nations posed a serious threat to the NATO structure. He also pressed for U.S. support for the proposals of the EEC Special Committee on Association which Hallstein presented to the European Parliamentary Assembly during its September 1959 session. The "Second Hallstein Report" offered to extend the EEC's lower tariffs and increased trade quotas to all OEEC states on a reciprocal basis as of January 1, 1960. The memorandum of this conversation is in Department of State, Central Files, 840.00/9-2959.

in that they, too, do not want to see a dilution of the institutions of the Six. Nonetheless, the experience of the Benelux within the Six was proof that the institutions of a smaller group were not necessarily weakened when merged into a larger association. Original fears that Benelux institutions would suffer as a result of the absorption of the Benelux into the Six had proven groundless. On the contrary, Benelux was the hard core around which the Six had built their structure and the Benelux institutions would remain intact alongside those of the Six. Once the powers of the larger association were developed to a point where they duplicated those of the Benelux, consideration could be given to permitting the Benelux institutions to wither away. Mr. Luns thought the case would be similar for the Six within a larger association.

Mr. Luns then said that although the United Kingdom may have shown a certain lack of imagination a few years ago, it would now appear that the United Kingdom wants sincerely to come to an understanding with the Six. Nonetheless, if the Seven are able to come to an agreement among themselves this fall, and if no progress in establishing links between the Six and the Seven has been made by that time, both groups will tend to drift further apart. This will eventually result in the political division of Europe.

In Mr. Luns' opinion, the Hallstein Report was linked to the recent proposal to organize political consultation within the Six in that both projects were aimed at inhibiting further efforts to expand the Six.³ The Netherlands strongly supports political consultation which logically grow out of gradual European integration. On the other hand, they were opposed to organized political consultation as now proposed by the French since it does not represent a genuine step towards real European integration. Mr. Luns also expressed his Government's unalterable opposition to the idea of organizing a small secretariat in Paris.

Mr. Dillon replied that the various problems connected with the efforts to bridge the gap between the Six and the other countries of Europe were being examined carefully from the point of view of the United States' interests. One of the United States' principal concerns for some time has been whether and how a way could be found which, while avoiding the division of Europe, would not at the same time expose the United States, the Commonwealth and Latin American nations to trade discrimination. There were some aspects of the various plans to form a larger association which would not appear to conform to the GATT. The United States, of course, is in favor of a Free Trade Area, or any other such grouping aimed at similar goals, so long as it substantially con-

³ The suggestion for political consultations within the Six had been made by the French. After initially suggesting three-power (France-Italy-Germany) discussions, the French, at Italian instigation, proposed quarterly meetings of the six Foreign Ministers.

formed to GATT and would not lead to trade discrimination. Mr. Luns professed that there was no intention to discriminate against the United States.

Mr. Luns then reverted to the Hallstein Report and said that he had heard through his grapevine that the United States was supporting it. He expressed the hope that the United States would not reach any firm position until all other alternatives had been carefully examined. Mr. Dillon replied that although the United States has not taken a firm position on these proposals as yet, we did look with favor on certain aspects of the report, notably the extension of tariff reduction.

Mr. Dillon again emphasized that the question of potential trade discrimination is a matter of considerable concern to the United States.

Mr. Dillon concurred with Mr. Luns in respect to the dangers inherent in a special political grouping in NATO. This was a grave problem indeed, Mr. Dillon said, but there are various ways of avoiding it.

The conversation ended in a brief but optimistic discussion of French economic strength.

The discussion of other subjects is being reported separately.

71. Memorandum of Conversation

September 30, 1959.

SUBJECT

Six and Seven

PARTICIPANTS

Mr. Robert Marjolin, Vice President, European Community Commission

Under Secretary Dillon

U—Mr. Leddy

RA—Mr. Tuthill

OT—Mr. Frank

Mr. Marjolin requested this opportunity to talk with Under Secretary Dillon because he believed strongly that the free world was today at

a crossroads. Speaking in a personal capacity, Mr. Marjolin said the issue before us was whether the healthy developments in trade and payments already under way will progress toward further liberalization on a world-wide basis, or whether we will have to face the progressive disintegration of the world economy into a number of regional groupings.

On the favorable side, Mr. Marjolin noted that the European Commission can do much to steer Common Market policy in a liberal direction. The ideas contained in the recent Commission memorandum¹ illustrate the possibilities, i.e., the total elimination of industrial quotas, the partial generalization of the next internal tariff reductions within the Community, the determination to reduce the common external tariff on a broad basis in the forthcoming negotiations, and a willingness to negotiate tariff reductions beyond what will be possible in the next general round.

Mr. Marjolin also called attention to the current shift in French commercial policy. Dollar liberalization has just been increased and now amounts to about 80 percent—equal to the level reached by the Germans and the British. Since the French until recently had liberalized very little in the way of dollar imports, this figure signifies a rapid opening-up of French markets to imports from all over the world. Even the Patronat has abandoned its diehard protectionist position. Minister Pinay has been a staunch supporter of a liberal policy and is in a strategic position to have the French take the lead in promoting a truly outward-looking, multilateral policy in the Common Market as a whole. Mr. Marjolin suggested that Under Secretary Dillon talk with Pinay and urge such a course upon him.

On the darker side, Mr. Marjolin saw the proliferation of regional schemes in Europe and Latin America as leading to the fragmentation of world markets. He was not worried about the direct effect of the Little Free Trade Area² on the Common Market. He felt, however, that these schemes, barren of political content, were simply preferential commercial arrangements that could only lead to the end of GATT as an effective instrument. In that event both the European Common Market and the U.S. would suffer.

Because of its inherent discriminatory aspects, the Little Free Trade Area could, in Mr. Marjolin's view, affect the U.S. only adversely, a situation that would be especially unfortunate in the present balance-of-payments situation. He tended to minimize the oft-mentioned point that because of Germany's heavy dependence on the Outer Seven market, pressure would build up within the Common Market to come to terms

¹ The Second Hallstein Report; see footnote 2, Document 70.

² The European Free Trade Association; see Document 52.

with the Little Free Trade Area. In support of his view he called attention to the low level of tariffs in Scandinavia and Switzerland.

Under Secretary Dillon asked what Mr. Marjolin thought we could do in view of the fact that the British seemed determined to go ahead. Mr. Marjolin replied that British fears comprised two elements: commercial and political.

On the commercial side, the Common Market could contribute to a solution. First, it could adopt a generally liberal import policy along the lines already announced by the Commission. Secondly, it could provide assurance that the total volume of imports into the Common Market of products important to the UK and the other European countries would not diminish. If the British were worried about their exports of automobiles, for example, perhaps the Common Market could substantially reduce tariffs on cars on a most-favored-nation basis. Or, the tariff quota device might be used whereby more favorable treatment would be given for some predetermined volume of imports of sensitive products.

As for British political concerns, there wasn't much the Common Market could contribute without denying the very purposes for which it was established. One possibility would be to give some more explicit recognition to the vital role that the U.K. must play in world affairs. The U.S. might suggest some form of close association among the U.S., the U.K. and the Commonwealth, and the Common Market (perhaps bringing in others on some agreed basis) to deal with broad issues of world economic strategy such as business cycles, commercial policy, aid to underdeveloped countries, and market stabilization. Since for obvious reasons such an idea would not be well received if it came from the Common Market, it would be necessary for the U.S. to make the initial approach to the U.K. in private talks. Thereafter the U.S. might convene a conference from which would emerge the new arrangements for dealing with world economic problems as well as commitments on commercial policy by the Common Market. But time is running out and the U.K. is getting more and more committed.

Under Secretary Dillon said he shared Mr. Marjolin's concerns and wanted to give serious consideration to the ideas he expressed.

At the conclusion there was a brief discussion of Greek and Turkish association with the Common Market. Mr. Marjolin said that the only real justification for an association of these countries with the European Community would be as a device to provide substantial aid, thereby reducing the burden on the U.S. But the Greeks wanted more than financial assistance: they sought preferential treatment in the market of the Six but were prepared to give nothing in return. If the Outer Seven ar-

rangement failed to materialize, Greece and Turkey would have no reason to feel isolated. In that event, perhaps any "association" with the Common Market could be limited to arrangements for financial assistance.

72. Memorandum of Conversation

October 5, 1959.

SUBJECT

Sixes, Sevens, and the Broader Economic Problems of the Free World

PARTICIPANTS

H.E. Hervé Alphand, French Ambassador

Olivier Wormser, Director of Economic Affairs, French Foreign Office

Bernard Clappier, Director of External Trade Relations, French Ministry of Finance

Under Secretary Douglas Dillon

U—Mr. Leddy

RA—Mr. Tuthill

OT—Mr. Frank

Ambassador Alphand said that the French purpose in requesting this meeting was not primarily to discuss Franco-American relations but rather to get Under Secretary Dillon's reaction to their thinking about some broader problems of the free world. Mr. Wormser stated that because of the new French economic and financial situation, it was no longer necessary simply to cope with day-to-day emergencies; they could now face more basic long-run problems. In particular, the US, the Common Market, and the British might try to deal jointly with the following subjects:

1. Business cycles, i.e., the coordination of monetary and financial policy so that cyclical unemployment of resources can be avoided; and
2. The problems of the less developed countries, i.e., provision of external capital, and the need for greater stability in the markets for primary commodities.

The French realize, however, that before these matters can be tackled on a cooperative basis, some way must be found to cope with the present British attitude toward the Common Market. Mr. Wormser in-

quired as to whether the Under Secretary had had time to review the European Commission's proposals on the future policy of the Common Market which were directed toward the problems posed by the British.

Mr. Dillon responded that he had seen a summary of the Hallstein proposals and believed they pointed in the right direction. Because of France's recovery and stabilization, the Common Market had a real opportunity to adopt liberal policies, thereby contributing toward resolving concerns of other European countries, e.g., Austria, Scandinavia. We ourselves were disturbed by the British attitude and believed that competing regional organizations would harm world trade and in fact could evoke, in defense, a protectionist reaction in the US. Although we were doing what we could to calm the British, much depended on what policy the Common Market adopts. It was important, Mr. Dillon said, that the kind of proposals put forward by the Commission be adopted by the Common Market governments, particularly the French.

Commenting on Mr. Wormser's suggestion about market stabilization, Mr. Dillon remarked that our domestic experience with such schemes has not been good and we have therefore been rather hesitant to participate in them internationally. Nevertheless our policy has been evolving and we have encouraged other countries, particularly the less developed ones, to get together to cooperate in stabilization efforts, e.g., coffee, and lead and zinc. As for the problem of capital for the less developed countries, it was clear that we needed more coordination than now exists, but it was not clear how this might be achieved. One thing that we must avoid is the appearance of a "creditors club" in which the advanced countries tell the less developed ones how they should behave. Another problem that we must jointly try to solve is how to meet the low-wage import problem in a manner more satisfactory than the make-shift arrangements that now exist vis-à-vis Japanese trade.

Mr. Wormser agreed that the low-wage import problem had to be dealt with. The French have taken refuge behind Article XXXV of the GATT, but this situation cannot last. Some thought has been given to the possibility of encouraging the use of export taxes by the low-wage countries which would at least have the advantage of the proceeds accruing to them rather than to the more advanced countries as would be true if import taxes were imposed.

Mr. Dillon said there was a need to make clearer to the public that the Common Market was moving in the right direction. Mr. Wormser agreed, adding that there was a lot of emotion on this subject. The basic difficulty was that the British wanted to be treated as a member of the group without being a member. He mentioned the Commission's proposal for a European Contact Committee whose purpose would be to examine trade channels in Europe to see if any damage had been done to the Common Market's trading partners. If so, a *prima facie* case would

be established for mitigating action. The French position is that any such mitigating action should be taken in conformity with the GATT—in other words, any reduction of tariffs on commodities of particular sensitivity to other European countries should be on an MFN basis. This kind of exercise in tariff reduction, concentrating on items that are important in intra-European trade, would in essence be a “little Dillon negotiation” among the Europeans in advance of the major negotiations.

Mr. Dillon said he saw no objection to it if the whole exercise were conducted on an MFN basis, and that he would hope it could contribute toward bridging the split in Europe.

Mr. Wormser said the French were genuinely worried that this approach might not find favor with the Seven, for two reasons:

1. Any mitigation of Europe's trade problem weakens the case for a larger free-trade area; and
2. Since the Common Market taken together would be the principal supplier in many items, the Seven may, as a bargaining tactic, simply decide to stay aloof from negotiations with the Common Market, and, through the MFN provision of the GATT, to reap the benefits from the American negotiations with the Common Market.

In response to Mr. Wormser's question as to the US view of the scope of the “Dillon negotiations”,¹ Mr. Dillon replied that we want to conduct them on the broadest basis consistent with our law and established procedures. We hope the Common Market with its growing strength would be especially forthcoming in the tariff negotiations, since this would help ease the problem as between the Six and Seven. He noted, however, that although we had negotiating authority of 20 percent, we would not be able to use the full authority on every item, so that our average reduction would work out to considerably less.

There was some discussion of Per Jacobsson's idea that the Seven might generalize their internal tariff reductions as had the Six.² It was pointed out that the situation of the two groups of countries is not identical, since the Seven would have no common external tariff. The suggestion was made that perhaps the technical problem could be met by having all seven countries in the Little Free Trade Area generalize, say, half of the internal tariff reduction.

Mr. Dillon referred to his testimony before the Ways and Means Committee in connection with renewal of the Trade Agreements Act³

¹ Dillon had been actively promoting a general round of tariff negotiations within the framework of the GATT.

² Per Jacobsson, Managing Director of the International Monetary Fund, made this suggestion in a September 26 address to the IMF meeting in Washington.

³ For text of Dillon's March 24, 1958, statement to the House Ways and Means Committee, see *American Foreign Policy: Current Documents*, 1958, pp. 1516–1524.

and the concern that Committee members expressed about new regional arrangements discriminating against the US which lacked the Common Market's political justification. It was agreed that even if it could be established that an arrangement such as the Little Free Trade Area were legal, it did not follow that it was a desirable move from the point of view of the world as a whole.

Mr. Wormser sought Mr. Dillon's reaction to the French proposal that we look for a formula to bring together the Common Market, the British and the US to discuss the main economic problems of the free world and in the process try to divert the British from their narrower preoccupation with European trade problems. Mr. Dillon replied that we could not be sure that the intended result would follow. It would be difficult, moreover, for the US to initiate the idea with the British.

73. Memorandum of Conversation

October 6, 1959.

SUBJECT

Community of Six and Outer Seven

PARTICIPANTS

Sir Roger Makins, Joint Permanent Secretary of the Treasury¹
Lord Cromer, Economic Minister, British Embassy
The Under Secretary
John M. Leddy—U

Sir Roger Makins called at the Under Secretary's invitation.

The Under Secretary began by saying that he appreciated this opportunity, before Sir Roger's return to London, to exchange views on some of the longer-term problems in the field of international trade with which we might be confronted within the next three or four years. What he had in mind was a purely informal discussion of the future shape of world trade relationships.

Source: Department of State, Central Files, 440.002/10-659. Secret. Drafted by Leddy and approved in U on October 13.

¹ Sir Roger Makins was in the United States to attend the annual meeting of the Board of Governors of the International Monetary Fund.

The first major question related to the possible implication for world trade of the developments now taking place in Western Europe. The Under Secretary recalled that at the time of the renewal of the Trade Agreements Act last year,² the Executive Branch had encountered a considerable amount of static in the Congress about the effect on American trade of the discrimination inherent in the Common Market. This potential opposition on the Hill had been overcome mainly by pointing to the significance of the Common Market as part of a thorough-going economic integration among the Six designed to achieve the important political objective of Franco-German rapprochement. It was not clear, however, what might be the reaction a few years hence to another discriminatory arrangement in Europe which would not have this same political attraction. In other words, there was a possibility, although obviously it was not possible to predict with any certainty, that we might encounter serious difficulties in going forward with a liberal trade program a few years from now if there were new and wide-spread trade discrimination against U.S. exports to Europe. We were in the process of trying to assess this problem as well as the related one of the implications of the new European arrangements for world trade generally, i.e. the possibility that regional arrangements would spread to other areas, leading to a fragmentation of the world market.

The Under Secretary said that we had for some time been concerned over potential protectionist tendencies in the Common Market, just as the British had, and had brought pressure on members of the Common Market to move in a liberal direction. We had seen the recent recommendations of the High Commission of the EEC and felt that the proposed actions were in the right direction.³ The Under Secretary mentioned that we had just had some encouraging conversations with members of the French delegation to the Bank and Fund meeting. In particular we had reason to believe that the French might well now step out front in bringing about a truly liberal common policy in the Common Market. This, of course, would be a reversal of past French trade policy and would be a very hopeful thing for Western European and world trade. From what we had learned in these conversations and with other members of the Common Market, we had been particularly struck by the evident disposition on the part of the Common Market countries to make special accommodations for products of particular interest to other countries in Western Europe. Such accommodations, of course, would be applied on a non-discriminatory basis. For example, one such

² Approved August 20, 1958; for text, see *American Foreign Policy: Current Documents*, 1958, pp. 1526-1535.

³ See footnote 2, Document 70.

accommodation might take the form of a substantial reduction of the Common Market tariff on motor cars, which would benefit Western European countries without leading to any great increase of imports from the U.S. because of the small demand for American-type cars. The Under Secretary stated that he would very much like to hear the U.K. views as to how the U.K. saw these developments in the years ahead.

The Under Secretary then said that the second important problem which we were becoming increasingly concerned about was the question of severe competition from manufactured goods produced in low-wage areas such as Japan and Asia. So far we had been able to cope with increasing domestic pressures in the U.S. by making voluntary arrangements with Japan whereby the latter limited their exports to us. We understood that the U.K. had just completed similar arrangements with India, Pakistan and Hong Kong affecting their exports of textiles to the U.K. A number of countries, because of this problem, had refused to extend the provisions of GATT to Japan in order that discriminatory restrictions of one kind or another could be maintained against Japan. These various devices might be all right for the time being but they could not meet the longer-term problem. He wondered whether there was not some general theory or formula which could deal with this question and still be acceptable. Perhaps it would have to be a transitional device of some sort.

Answering the last question first, Sir Roger said that the U.K. had been giving some thought to this problem but had not found anything very satisfactory as yet. He pointed out that the failure of Continental Europe to extend non-discriminatory treatment to Japan intensified the problem from the U.K. as well as the U.S. point of view. He said that he would mention our interest upon his return to the U.K. and that perhaps the Under Secretary could have a further discussion of the matter with Sir Leslie Gore-Booth during the GATT meetings in Tokyo later in the month.

Turning to the second question, Sir Roger recalled the history of the Free Trade Area negotiations. He said the British had undertaken these negotiations in an effort to overcome the serious economic disadvantages of the Common Market for the rest of Western Europe. The U.K. had been led along the garden path by the French, who had stated their acceptance of the FTA in principle but had steadfastly refused to negotiate. The fact was that the French had not really accepted the FTA in principle and that the British had known this long before the negotiations were brought to a close. Having taken the lead, however, the U.K. itself could not break off negotiations but had been forced to carry things along until the French had made their real position entirely clear to everyone. The U.K. had strongly hoped for U.S. support for the FTA.

While the U.S. had given support of a kind, this was mostly of a generalized nature without practical effect.

Continuing, Sir Roger said that the U.K. had now turned to the Outer Seven arrangement as the only alternative open to them to lead Europe in the direction of liberal trade. In the absence of an Outer Seven it is the British view that trade between the Common Market and the rest of Europe would degenerate into a series of discriminatory bilateral arrangements. Only by working together through the Outer Seven could the other Europeans hope to bring the Common Market around to something that would be satisfactory. With respect to the Under Secretary's observations about the potential reception which might be given in the U.S. to the Outer Seven, he thought it would be most unfortunate if the U.S., having supported the Common Market and later the enlarged FTA, should now oppose the Outer Seven. The Under Secretary quickly replied that this was not his meaning; merely that in looking at the European trade picture as it might appear some years hence the American Congress might react against the whole European trade arrangement—not only the Outer Seven but the Common Market as well.

Mr. Leddy inquired whether, if the Common Market should undertake substantial action to liberalize its trade policies would the British feel that the objectives of the Outer Seven had been achieved—that is, to assure a liberal instead of a protectionist policy by the Six. Sir Roger indicated that this would not be enough so long as the Six insisted on refusing to generalize tariff reductions to the rest of Europe on political grounds. (While not stated in these terms, the burden of Sir Roger's remarks was that the U.K. was not prepared to accept any justification for a Common Market with a common tariff applicable to non-Six countries in Western Europe no matter how liberal the policy of the Common Market might be.)

Sir Roger noted with interest the statement in Per Jacobsson's speech to the Monetary Fund suggesting the possibility that the Outer Seven and the Common Market countries might simultaneously generalize to each other and to the rest of the world the second stage reduction of internal tariffs in the Common Market and the first stage reduction of internal tariffs of the Outer Seven. This, he thought, might be a useful means of coping with the problem, but, of course, it would not solve the problem indefinitely.

The Under Secretary then asked what the next steps were likely to be with respect to the Outer Seven. Sir Roger said he thought a convention would be signed within the next two months⁴ and that some time

⁴ An agreement establishing a European Free Trade Area was initialed at Stockholm on November 20, 1959.

during the first half of next year it might be possible to approach the Common Market to discuss the question of relations between the two. (In his conversation he made it clear that the ultimate relationship sought by the British was the revival of the original FTA concept.) Sir Roger said that the U.K. would hope for United States support in this endeavor. The Under Secretary said that he assumed that any arrangement would be of a “non-restrictive” type (without being more specific). Sir Roger appeared to agree, although it was evident that both speakers were anxious to avoid precision.

74. Circular Telegram From the Department of State to Certain Diplomatic Posts

October 13, 1959.

476. Luxembourg and Brussels pass Embassies for info; Paris for USRO and Embassy; Tokyo for USDel GATT. Ref: Colux 32,¹ rptd info Brussels Busec 9, being rptd other addressees by Dept. Dept concurs desirability Butterworth informally advise Hallstein, Marjolin and Rey preliminary Dept reaction Hallstein proposals. Butterworth authorized make following points:

1. While we have not had adequate opportunity examine Hallstein proposals in detail, and while we will undoubtedly have various specific questions and comments, we recognize they represent step in right direction. If implemented we feel Hallstein proposals could result in lower external tariff for Common Market thus easing trade problems both of outside countries and of low-tariff Benelux countries within Common Market. We would hope therefore all EEC countries will publicly support this liberal approach.

2. While emphasis in US Govt is upon world-wide multilateral solutions trade problems, we are taking no specific position re Outer Seven at this time. FYI. We assume that Outer Seven convention will in fact be signed before end of year and that it would be counter-productive for US even to imply that it is attempting bring influence to bear against signature. End FYI.

Source: Department of State, Central Files, 440.002/10-1359. Drafted by Myerson and Tuthill. Sent to Luxembourg and Brussels and repeated to London, Stockholm, Ankara, Athens, Bern, Bonn, Copenhagen, Dublin, Geneva, The Hague, Lisbon, Oslo, Paris, Reykjavik, Rome, Vienna, Madrid, Helsinki, Ottawa, and Tokyo.

¹ In Colux 32, October 11, Butterworth requested the substance of Dillon's reaction to the Hallstein proposals prior to the meeting of the EEC Committee on Association scheduled for October 19 in Brussels. (*Ibid.*, 440.002/10-1159)

3. As indicated recent private Dillon discussions with French and British here,² we feel that EEC should by specific actions indicate that it plans to take steps which would reduce or eliminate trade problems and worries of outside countries. We recognize that for various reasons, including heavy dependence EEC markets, problem is initially more urgent for certain European countries. (Important that problems non-European countries not be overlooked however.) Any such specific actions by EEC in favor other countries (European or non-European) should of course be consistent multilateral principles of GATT. This point is basic to our thinking. While Marjolin has personally discussed with us³ possibility of selective tariff reductions by Common Market on MFN basis, he states that neither he nor other EEC officials have discussed such possibilities frankly and informally with European countries primarily concerned. FYI. Marjolin indicated that in his personal view such EEC reductions might in certain cases be made without requirement for reciprocal concessions. End FYI.

As you know certain elements in EEC have appeared to hold rigidly to principle that outside countries should prove concrete trade damage before EEC would discuss ways and means of mitigating such damage. We feel this position is not adequate. Fact is adjustments already being made in many countries in anticipation of elimination internal EEC trade barriers and establishment common external tariff.

We feel therefore would be highly desirable if EEC spelled out in more detail that part of Hallstein proposals covering special trade problems of various European countries. FYI. We realize that some of fears of other European countries may be exaggerated. Would seem however that only way to get at substance of matter is for EEC to make serious attempt discuss specific commercial issues either bilaterally or multilaterally with countries concerned. End FYI.

Beyond initiation quiet talks on any immediate specific problems we believe it essential that EEC countries in near future take some action which will make real impact on European and world public opinion. Pro forma endorsement of Hallstein proposals would not be sufficient. To date suspicions about trade policy of EEC have revolved to considerable extent around French protectionism. We understand that French Govt may shortly announce its firm intention to pursue liberal trade policy with emphasis on world-wide considerations. Believe that dramatic statement by de Gaulle or Pinay making clear firm French support of truly liberal EEC policies including acceptance Hallstein proposals as first step to this end and followed by concrete EEC action on trade problems outside countries, would go far to improve present situation. If

² See Documents 72 and 73.

³ See Document 71.

French prepared make real public commitment in above sense, we would hope all EEC Govts would unite behind Commission to implement liberal EEC policy.

Herter

75. Editorial Note

By October 20, only one finalized bid for development of a nuclear reactor had been received by EURATOM. The U.S. Atomic Energy Commission ordered the suspension of further research and development contracts for the joint U.S.–EURATOM program. On October 23, AEC Chairman John McCone met in Brussels with EURATOM President Etienne Hirsch to discuss the future of U.S.–European cooperation in nuclear energy. McCone told Hirsch that continuation of the joint research and development program depended on EURATOM's ability to create an adequate nuclear power program. (Memorandum of conversation between McCone and Hirsch, October 23, sent to the Department of State as an enclosure to airgram Ecbus D–92, October 29; Department of State, Central Files, 840.1901/10–2959)

76. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, October 22, 1959, 8 p.m.

Polto 673. Tokyo for USDel GATT. References: (a) circ 476, (b) circ 478, (c) circ 480.¹ We have noted tendency in refs a, b and c and recent memoranda of conversation between Department officials and Mar-

Source: Department of State, Central Files, 440.002/10–2259. Secret. Repeated to Tokyo and pouched to all OEEC capitals and to Brussels for USEC.

¹ Circular telegram 476 is printed as Document 74. Circular telegram 478, October 13, repeated Colux 32 (see footnote 1, Document 74) to all OEEC capitals and Tokyo. (Department of State Central Files, 440.002/10–1359) Circular telegram 480, October 14, summarized recent discussions between Department of State and European officials on the EFTA and instructed U.S. representatives abroad to avoid declarations on U.S. attitudes toward the EFTA or a possible resumption of talks for an expanded free trade area. (*Ibid.*, 440.002/10–1459)

jolin, Wormser, Wyndham White² and others to regard the OS as merely another preferential trading bloc in Europe resulting in a wider area of discrimination against US goods, also tendency to regard the OEEC as an ineffective mechanism for bringing the Six and Seven together and even if successful would serve merely to bring about a wider preferential area.

USRO feels that at a particularly sensitive time in Washington over B/P deficits and continued discrimination against dollar trade, the fundamental issue of Western unity against the Soviet threat is in danger of being temporarily overshadowed by commercial considerations which, while valid in themselves, must be considered against the larger political issue. In Europe, unless unity of political and economic policy is advanced through one agency or another on the broadest possible geographic basis, we run the risk of facing a divisive and stormy period ahead among the North Atlantic powers. In this connection, it would be a mistake to assume unquestioningly that the Six will survive such a period. Many observers in OEEC regard with considerable skepticism French gestures toward a liberal trading policy and feel these are timed at this moment primarily to help kill off the OS.

USRO believes that discrimination can be reduced more effectively with than without the OEEC. In this connection, it must be remembered that the spirit of OEEC is one fundamentally against discrimination and French protectionism has received consistently a very rough going over in that organization.

If the Soviet challenge is now as much economic as military, the West must meet it in an organized and unified manner. Of all existing organizations, the OEEC offers, in our judgment, the best promise in Western Europe of uniting the economic power of the Atlantic Community in this effort as well as serving as a magnet for the peripheral countries. While the neutrals must maintain a certain posture in the organization, nevertheless they are in practice united on the economic front within the OEEC in a way that cannot be done elsewhere. In short, there is no other organization in sight to do it better.

The destruction or substantial impairment of OEEC which a failure of OS to reach an accommodation on a European-wide basis may well involve, would amount, in USRO's opinion, to handing the Soviets a tremendous victory on a silver platter. Commercial and trading considerations, even though they involve more continued regional discrimination on a European-wide basis, should not blind us to that fact.

Burgess

² For the memoranda of conversations with Marjolin and Wormser, see Documents 71 and 72. No record of the discussion with Wyndham White has been found.

77. Memorandum of Conversation

November 6, 1959.

SUBJECT

EURATOM Matters

PARTICIPANTS

The Secretary
Mr. Farley, S/AE
Mr. Fessenden, EUR/RA
President Hirsch, EURATOM¹
Mr. Kohnstamm, EURATOM
Mr. Foch, EURATOM

President Hirsch opened the meeting by saying that the present moment was a time of considerable difficulty in US–EURATOM relations, although certainly not a “crisis”. He felt that things were working out satisfactorily. With regard to the submission of bids for reactor projects, EURATOM had always felt that the deadline imposed was very tight.

The Secretary said that it would be very helpful to us in moving forward with the program if at least two more bids were received in the near future. This should improved the attitude of Congress considerably.

President Hirsch said that he was optimistic about the two additional projects, one German and the other Franco-Belgian. He had just received a message from Chancellor Adenauer conveying the full support of his Government for the German project. The difficulty on the Franco-Belgian project concerns Belgian laws on guaranteed loans for industrial enterprises. These laws cover firms inside Belgium only and, unfortunately, the Franco-Belgian project is just over the border in France. However, it is hoped that this can be worked out shortly. Furthermore, the French Government has indicated its willingness to proceed with a second joint power project on the other side of the border, in Belgium. Furthermore, the process of mixing the projects across national lines has taken a further step forward with indications that Electricite de France will take a share in the German project.

President Hirsch said that he hoped the US–EURATOM program could be developed on a broader basis of cooperation than now exists.

Source: Department of State, Central Files, 840.1901/11–659. Drafted by Fessenden and approved in S on November 13.

¹ Hirsch visited the United States to confer with U.S. officials about a resumption of the suspended EURATOM–AEC nuclear energy program.

Research so far is linked entirely to specific projects. He commented also that cooperation between the US and the Soviet Union in the Peaceful Uses field² could prove to be very important and inquired about our attitude toward it.

The Secretary said that his personal view is that any US-Soviet exchange should be under the aegis of the IAEA. The Secretary also commented that the Soviets appear to be especially interested in the field of harnessing thermo-nuclear energy for peaceful purposes.

President Hirsch emphasized the importance of all concerned working together in a cooperative effort. It made little sense to have a number of programs proceeding separately. It is especially important, in the light of any future changes in East-West relations, that the needs of the US-EURATOM cooperation not be forgotten, especially in the context of US-Soviet cooperation in Peaceful Uses. President Hirsch felt that US-Soviet cooperation might turn out to develop fairly rapidly.

The Secretary agreed that, as far as Peaceful Uses are concerned, it is certainly important that everyone work together. Mr. Farley raised the question of broader cooperation with EURATOM than now exists. He agreed that this would appear to be generally desirable, but asked about the timing of such further steps.

President Hirsch said that the present moment was probably not the time to launch something in this field, but it might be desirable to begin with very informal and exploratory discussions as soon as possible. It was suggested that M. Foch might come back to Washington next week to begin such discussions in an informal and exploratory way. President Hirsch emphasized that the kind of cooperation he had in mind would involve actual working together in the research field, not merely the exchange of information.

President Hirsch described EURATOM's recent arrangements with Canada.³ Both a general agreement and a technical agreement are involved, and the joint program will be conceived especially with the heavy-water and natural uranium reactors which the Canadians are developing. A joint Canadian-EURATOM Commission has been set up, and US representatives in Brussels have been invited informally to participate. It might be desirable later to formalize this "triangular" relationship.

²At the September 1-14, 1958, U.N. Conference on the Peaceful Uses of Atomic Energy in Geneva, the United States, United Kingdom, and Soviet Union announced that they would make available previously classified information on thermonuclear reactions in order to promote the use of atomic energy as a source of power for peaceful commercial use.

³An agreement for the exchange of information and technology between Canada and EURATOM was signed on October 5.

President Hirsch again raised the question of US-Soviet cooperation and asked what form it might take. Mr. Farley said that we envisaged its taking place in three stages: (1) exchange of visits; (2) a regular exchange of information; (3) more formal arrangements for cooperative projects, under the aegis of IAEA. The third state is very indefinite and may well not be reached at all. President Hirsch raised the possibility of eventually developing a program for US-Soviet-EURATOM cooperation.

78. Memorandum of Conversation

November 18, 1959.

SUBJECT

Problems Relating to the European Economic Commission

PARTICIPANTS

Dr. Hallstein, President of the Commission of the EEC¹

The Secretary

EUR—Mr. White

OT—Mr. Hadraba

RA—Mr. Fessenden

Dr. Hallstein opened the conversation by expressing his pleasure at the Secretary's speech before the Foreign Trade Council in New York.² He noted particularly the emphasis which the Secretary had placed on the need for economic cooperation between both sides of the Atlantic. Dr. Hallstein noted that there have been some differences in view between the Common Market countries and those outside the Six. British thinking, however, has recently shown signs of progress in the right direction. The British show signs of understanding that the Common Market is sincere in its determination to adopt a worldwide liberal trade policy and that its proposals are not designed to block a European solution.

Source: Department of State, Central Files, 840.00/11-1859. Confidential. Drafted by Fessenden and approved in S on November 27.

¹ Hallstein was in Washington to attend a meeting of NATO parliamentarians.

² November 16; for text, see Department of State *Bulletin*, December 7, 1959, pp. 819-823.

The Secretary inquired about proposals for speeding up the implementation of the Common Market.³ He said that he understood that the Commission felt that the time was now propitious to move in this field and emphasized the importance of a worldwide approach in any steps which may be taken.

Dr. Hallstein said that there is sometimes a failure to realize the political importance of the Six-country movement, which differs basically from other arrangements more purely commercial in motivation. Dr. Hallstein said that the process works in two ways: (1) the Community's progress in the economic field results in greater political unity; (2) progress in the economic field requires political unity to succeed. There are recent signs indicating recognition by the Six Governments of the importance of political unity. There is a recent movement toward integration of the foreign policies of the Six. Dr. Hallstein said that he recognized that this was a field of much interest to us. Secondly, there is work going forward in the Community's Parliament to develop a scheme for direct elections which would result in giving greater powers to the Parliament.

The Secretary inquired whether a directly elected Parliament with stronger powers would have authority to tax. Dr. Hallstein said that he felt the Governments were not yet ready to accept this. The thinking in the European Commission was in the direction of giving more power to the Parliament, but not in the field of taxation. Dr. Hallstein felt that this is something which would evolve later and cited the parallel of the German Reich established by Bismarck in 1870. The Reich did not have the power of central taxation until World War I. In spite of this, the Federal Government of the Reich was a strong one.

The Secretary noted that there is sometimes difficulty in the United States today because certain states, in order to attract industries, reduce or eliminate taxes on new businesses. Dr. Hallstein noted that the European Community has safeguards against such action by the individual states. There is a provision which prohibits any measures which will have the effect of subsidizing certain industries in a manner which will

³ At the November 11 EEC meeting, the French Government proposed acceleration of the timetable for reduction of internal tariffs among the member states. In telegram 2152 from Paris, November 16, Ambassador Houghton reported the views of Olivier Wormser:

"Wormser commented underlying purpose of French proposal was to bring common market, as rapidly as possible, to stage where any turning back would become out of the question. This, he emphasized, was of great political significance for both Europe and outside world (US). In addition, French Government feels that pursuit of liberal trade policies to which it is committed is possible only if French business interests are assured common market is going concern."

Wormser also noted strong Belgian opposition to the French proposal. (Department of State, Central Files, 440.002/11-1659).

interfere with competition. The Secretary also referred to wage-scale differences. Dr. Hallstein acknowledged that there is difficulty in this respect in certain countries. France, for example, has a long tradition of social subsidies.

The Secretary noted that it is always better when the demand for greater unification comes from the member states. This is preferable to a standardization imposed on member states by the central authority. Dr. Hallstein said that he fully agreed and pointed out the strong internal impetus toward more rapid implementation of the Rome Treaties which comes from such groups as the French Patronat. The Patronat's reasons for wanting to accelerate implementation of the Rome Treaties are to make clear to the outside world as rapidly as possible the certainty that the Common Market is coming into being. The more rapid the momentum towards carrying out the Common Market program, the more readily will the outside world come to accept the Common Market as a certainty.

The Secretary raised the question of other countries joining or associating with the Common Market. Dr. Hallstein said that this is a question which occupies much of the attention of the Commission. He cited Greece and Turkey as two special cases of association currently under consideration.⁴ Austria at one point was very close to working out a form of close association with the Common Market, but Kreisky is now being very negative on the subject.⁵ Dr. Hallstein said that he personally felt this was the result of Soviet pressure, although the Austrians would, of course, never admit this. Dr. Hallstein pointed out that the problem with Austria was to work out a formula which would, on the one hand, protect Austrian neutrality and, on the other hand, provide for the closest possible working association short of actual membership. The Secretary noted that the difficulties in associating other countries will probably become more difficult as the Common Market moves in the direction of political unity. Dr. Hallstein said that the cases of the various non-Six countries which may wish to work out some form of association differ greatly among themselves. The Austrian case is quite different from the Danish; the British, different from either two; and the

⁴ Greece applied for association with the EEC on June 8 and Turkey on October 31.

⁵ In a discussion with Herter on September 24, Kreisky explained the Austrian position as follows: "from an economic point of view the most natural course for Austria would be to join the Common Market, but that this would be difficult in view of Austria's neutrality. To join as an associate member looks simple, but actually Austria has been attempting without any success to find some formula under which such an association with the Common Market would be possible. Therefore the best solution for Austria was to join the Outer Seven. He said there were great possibilities for developing Austria's trade with many of the countries of the Outer Seven, such as Sweden and Great Britain, since they were rich." (Department of State, Central Files, 440.002/9-2459)

Swiss case is in yet another category. Therefore, a standard formula for association covering all European countries is not feasible. It is better to look towards individual means of association for each country, adapted to each country's needs.

Mr. White raised the question of the EEC development fund for aid to overseas territories. He inquired whether agreement had been reached to change the terms of reference of the fund to cover also underdeveloped areas not associated with the Community countries. Dr. Hallstein replied that this question had two aspects: (1) Should the Common Market deal in any way with overseas territories not associated with the member states of the European Community? He felt that it had now been decided that the Community should do this. (2) What should be the form of such aid to overseas territories not associated with the Community? No decisions had been reached on this second question as yet, although it is to be discussed in a preliminary manner by the Council of Ministers next Monday. The Commission has not as yet made any specific proposals to the Council of Ministers on this question, and no definitive action will take place until the Commission has developed specific proposals. On the \$500 million fund for investment in overseas territories associated with the Community, Dr. Hallstein added that there have been certain difficulties with the French. There are those in France who have a nationalistic outlook and who have certain views regarding the future of the French Community, which conflict with what the EEC is doing.

Dr. Hallstein noted that, as soon as a common tariff is in force, it is possible for the earnings from this common tariff to go into a fund for common purposes, provided the Council of Ministers and the European Parliament approve.

Dr. Hallstein commented that the Council of Ministers is in the process of developing a majority rule. In actual practice, majority vote is not resorted to, although it does exist in principle. Respect of member countries for the views of other member countries keeps the Council of Ministers from actually operating on a majority vote principle, but the fact that the majority rule exists in principle is a force impelling governments toward compromising their differences.

Dr. Hallstein said that he understood the importance which the United States attached to a worldwide liberal trade policy as opposed to protectionism. He said he understood our reluctance to accept regional solutions to trade problems except where there are important political advantages. He emphasized that a worldwide liberal trade policy is basic to everything the European Community is seeking to do, and cited recent developments in France as striking examples of what is taking

place. Pinay's recent statements are a radical departure from the long established economic philosophy of France.

The Secretary commented that our efforts in the United States on behalf of a liberal trade policy are greatly affected by the policies of the Common Market. It is therefore most important to us to have the Common Market adopt a liberal trade policy on a worldwide basis.

79. Memorandum From Secretary of State Herter to President Eisenhower

November 24, 1959.

SUBJECT

Proposed United States Initiative to Mobilize Free World Resources for
Development and to Strengthen Trade Relations

The great—even startling—changes in the international economic situation over the past two years have created two new problems of major dimensions for our foreign policy.

1. The first is: how can we mobilize the energies and resources of the *other* industrialized countries to assist the development of Asia, Africa, the Near East and other development-hungry parts of the Free World?

The enormous task of developing these areas must go forward or we will, in the end, lose out to the Communists.

The United States cannot provide the needed capital alone.

On the other hand, Western Europe and Japan, because of the great improvement in their monetary reserves—the reverse of the large payments deficit of the United States—are now financially capable of mounting a sizable effort which could powerfully assist our own, thereby greatly adding to the over-all strength and cohesion of the Free World.

What steps can the United States take to enlist the full cooperation of Western Europe and Japan in making this effort?

2. The second problem is: how can we help to redirect the emerging trade rivalries within Western Europe into constructive channels

which will reinforce rather than weaken world-wide trade and avoid the present risk of serious harm to our exports and those of other friendly countries outside Europe?

The European Economic Community (The Six), which the United States has strongly supported for political as well as economic reasons, is now being challenged by a new trade bloc of seven European countries (The Seven) under the *de facto* leadership of the United Kingdom.

The antagonisms between the Six and the Seven might develop into a trade war which could gravely divide our NATO partners on political and security issues.

On the other hand, the Six and the Seven might feel compelled to compose their differences by trade deals which would discriminate against the exports of the United States and other friendly countries.

To help guide present European trade developments into more constructive channels beneficial to world trade will require the United States to abandon its present passive role and exercise determined leadership.

The Department of State has considered carefully the courses of action open to the United States in attacking successfully these major new problems in the field of development and trade. We have concluded that the most effective course would be for the United States to take the initiative in proposing the reorganization and revitalization of the Organization of European Economic Cooperation (OEEC) and to announce the willingness of the United States to assume full membership in this revitalized institution. (The United States and Canada now participate only in an associate capacity.)

This action would symbolize our determination to work with Western Europe on the basis of full partnership in attacking the major problems of development and trade. It would constitute an act of creative United States leadership in a recently deteriorating situation. It would greatly increase the opportunity of the United States to influence the makers of European economic policy in two directions—greater European development efforts and actions to compose European trade quarrels on a basis consistent with sound world trade relations.

A reorganized OEEC would need to have a new name, and would have to provide for some form of participation by Japan.

United States membership in a reorganized OEEC would require some form of Congressional action. However, United States commitments would not go beyond acceptance of basic objectives and agreement to discuss and provide information. It is assumed that Canada would follow the United States lead and also become a full member.

A more detailed description of this proposal is enclosed.¹

The general outlines of this proposal have been discussed with Secretary Anderson, who concurs. If you approve, consideration should be given promptly to the method and timing of a public announcement of our intentions possibly in your State of the Union message.

Christian A. Herter²

¹ Not printed.

² Printed from a copy that bears this stamped signature.

80. Editorial Note

Under Secretary of State C. Douglas Dillon visited London, Brussels, Bonn, and Paris December 7–14 for discussions relating to the economic and political integration of Europe. Dillon arrived in London on December 7. On December 8 at 3 p.m., he met with British Foreign Secretary Selwyn Lloyd at the Foreign Office for discussions on the EEC and the EFTA; see Document 81. The next day, Dillon met with Lloyd at 10:30 a.m. for discussions of bilateral economic problems. At 3:30 p.m., he met with Prime Minister Harold Macmillan at 10 Downing Street. For a report on both discussions, see Document 82.

On the morning of December 10, Dillon flew to Brussels. After a luncheon meeting with King Baudouin during which a variety of bilateral issues were discussed, Dillon met with officials of the EEC at 3:30 p.m.; see Document 83. This meeting was followed by discussions with the Belgian Foreign Minister.

On December 11, Dillon flew to Bonn for discussions with Chancellor Adenauer. The two met privately for approximately 30 minutes; see Document 84. After their private talk, Dillon and Adenauer were joined by senior U.S. and German officials for 2 hours of talks which included lengthy discussions of the problems of European integration; see Document 85. Dillon flew to Paris that afternoon.

On December 12 at 3 p.m., Dillon met with representatives of the EFTA; see Document 86. At 5 p.m., he met with representatives of the OEEC; see Document 87.

On Sunday, December 13, at 4 p.m., Dillon met with Secretary of State Herter who had arrived in Paris for the NATO Heads of Government meeting (December 16–18). He presented Herter with a memorandum which is printed as Document 88. At 6:30 p.m., Dillon met with French Foreign Minister Couve de Murville; see Document 89. On December 14 at 10:30 a.m., he met with French Prime Minister Michel Debré; see Document 90. A meeting with French Finance Minister Antoine Pinay took place at 11:45 a.m.; no record of this conversation has been found. The following documents are arranged in the order in which the meetings took place.

Dillon left Paris at 2 p.m. on December 14 and returned to the United States. Documentation on his trip is in Department of State, Conference Files: Lot 64 D 560, CF 1546–1548.

81. Memorandum of Conversation

London, December 8, 1959.

SUBJECT

Six and Seven

PARTICIPANTS

U.K.

Mr. Selwyn Lloyd, Foreign Secretary; Sir Paul Gore-Booth, Deputy Under Secretary, Foreign Office; Sir John Coulson, Deputy Under Secretary, Foreign Office; Mr. Heathcoat-Amory, Chancellor of the Exchequer; Sir Roger Makins, Joint Permanent Secretary, Treasury; Lord Perth, Minister of State, Colonial Office; Sir Dennis Rickett, Third Secretary, Treasury; Mr. R. W. B. Clarke, Third Secretary, Treasury; Mr. Roger Jackling, Deputy Under Secretary, Foreign Office; Mr. Reginald Maudling, President, Board of Trade; Mr. John Robinson, Foreign Office; Sir Frank Lee, Presently Permanent Secretary, Board of Trade; after January 1, Joint Permanent Secretary, Treasury

U.S.

Mr. Dillon, Under Secretary of State
Ambassador Whitney
Messrs. Beale, Evans, Leddy, Bean, Greenwald

After introductory remarks by Mr. Lloyd and Mr. Dillon, the Foreign Secretary led off with a presentation of the political aspects of Euro-

Source: Department of State, Central Files, 440.002/12–859. Confidential. Drafted in the Embassy in London; no other drafting information appears on the source text. Cleared in U on December 16. The meeting was held at the British Foreign Office.

pean economic integration. He said it was not his intention to give a "sales talk" but to state the truth about the European problem as he saw it. In his view it is not possible to have a situation with the Six forming an exclusive group and the OEEC countries remaining on the outside. While not wishing to appear alarmist, Mr. Lloyd said he felt strongly that it would lead to a serious political "split" in Europe. The feeling in Europe at present that there are "opposing sides" is a direct outgrowth, Mr. Lloyd believed, of the failure of the FTA negotiations last December. This had led in 1959 to a great deal of bickering between the U.K. and the Germans and the French.

Since the election,¹ the U.K. Government has made one of its major policies the "patching up" of the European situation. In an effort to achieve this objective, he had taken a trip to Paris² and a number of European Ministers had since had talks in London. He found a desire among Ministers in the Common Market countries to heal the "split," but Mr. Lloyd was not so sure that a similar attitude exists in the EEC Commission. The Foreign Secretary cited a recent conversation in London with the President of EURATOM³ who told him that "the Six were Europe and that was it." Mr. Lloyd said he shared fully our assessment of the political advantages which we saw in the Common Market, particularly drawing Germany and Italy closer to the rest of Western Europe and NATO; his objection was to the "exclusive" aspect of the EEC. In his view this is a "fatal concept" and NATO cannot continue on this basis.

The Foreign Secretary did not feel that the original FTA concept was necessarily the only possible way out, but he was certain that some solution of the economic problem was absolutely essential to continued political cooperation in Europe. He added that in talking about the European problem it was not the U.K.'s intention to "cut out" North America. They hope that the U.S. and Canada would participate in any European discussions. The U.S., Mr. Lloyd thought, must be equally concerned about the "rift" developing in Europe. Western European unity is certainly important to the U.S. In his view the Six could not act as a bloc in Europe and in NATO without serious difficulties arising. The continued economic and political division of Europe would, for example, make it difficult for the U.K. to keep its troops in Western Germany. While economic considerations might be important, he felt that they were less fundamental than the political problem of European unity. If this unity cannot be achieved, NATO would run into "rough water."

¹ The British general election of October 8.

² November 11-13.

³ December 2.

Mr. Heathcoat-Amory prefaced his presentation with the comment that the opportunity to talk with Mr. Dillon was particularly timely and that on the U.K. side they would "put all the cards on the table." It was important, he thought, to press through to real answers to all the questions on both sides so that no misunderstandings would arise in the future. The Chancellor first addressed himself to the accusations that the U.K. was trying to break up the Common Market and denied that there was any truth whatsoever in this allegation. The U.K. was concerned at the growing signs that the Six are attempting to break up the EFTA by saying that the U.S. is hostile to it.

The Chancellor briefly reviewed the history of the EFTA negotiations and said that the Seven were now engaged in establishing a preparatory commission of senior officials in Paris which would deal with policy matters. Mr. Amory said that two things impressed him about the EFTA: (1) the "drive and determination" of the Seven countries to establish the EFTA which is perhaps best exemplified by the speed with which the treaty was negotiated, and (2) the liberal nature of the EFTA—it provided for free trade for industrial products inside the area and had liberal rules of origin for outside countries. The Chancellor emphasized that the EFTA can in no way be considered an "exclusive" or "inward looking" group. The Chancellor said that everything is being done to consolidate the EFTA which was "sound commercially in its own right." The main objective of the EFTA, the Chancellor said, was to make negotiations with the Six easier. It gives the Common Market countries some incentive to negotiate a wider arrangement and at the same time simplifies the negotiating procedure. Another advantage of the EFTA was that it kept the smaller European countries from entering into bilateral, preferential deals with the Common Market.

The Chancellor also emphasized the political considerations. The absence of any wider arrangement would force the U.K. politically and economically out of Europe and he did not believe that the U.S. wanted this to happen. He said that the stage to which the U.K. has now come in associating itself closely with Europe is without precedent. While the degree of political association may not satisfy the U.S. it should be recognized that no U.K. Government has ever come so far before. If the U.K. is now discouraged from moving toward closer ties with Europe, then the real political difficulties which the Foreign Secretary had pointed out would follow.

The U.K. has no fixed ideas about the form of association with the Six and is ready to consider any proposals which may be made. It cannot take the initiative, however, because all earlier British proposals had been rejected. Furthermore, after the OEEC meeting last January⁴ the Six

⁴January 15.

said they would come up with new suggestions for a European-wide association. The Chancellor made these points to show that the U.K. was not dragging its feet regarding negotiations with the Six. Nevertheless they are anxious that the next negotiations should not come to a "dead end" as had the last OEEC negotiations. No one could afford to have another failure and it was absolutely essential to "start off on the right foot" this time. The original FTA idea still made sense to him, but the Chancellor recognized that there seemed to be no chance of negotiating such an arrangement at this time.

The Chancellor thought that apprehension in the U.S. regarding a wider European association was not well founded. He felt that the U.S. should favor any "good" form of economic and political cooperation in Europe. Such an association in his view would strengthen Europe. In a wider context, the U.K. wanted to do anything it could with the U.S. to work toward freer trade and to avoid protectionism. The recent moves by the Common Market were very welcome and the U.K. is discussing with its EFTA partners whether they should negotiate with the Six at the forthcoming GATT tariff conference.

The Chancellor concluded his statement with some laudatory comments about the work which has been done by the OEEC. He also thought that the OEEC was perhaps the right forum to discuss European economic integration problems because the U.S. and Canada also participated. The OEEC was a highly useful organization and should not be thrown away. The Chancellor solicited U.S. views as to the future activities of the OEEC in this field.

Mr. Maudling reviewed the history of the FTA negotiations in the OEEC, supporting the Chancellor's comment on the importance of the OEEC in strengthening Europe politically and economically. He said that the U.K. had originally had mixed feeling about the Common Market and at first had misjudged the strength of "federalism" in the Six. They felt, however, that the Common Market would be good for Europe. When the Rome Treaty came into effect, the U.K. looked at the situation and seized upon a free trade area as the right solution which would hold Europe together and allow the Common Market to develop. They had gotten very close in the OEEC to agreement on a free trade area. But when they failed, they looked around for something else which would forestall the economic disintegration of Europe and the isolation of the U.K. Again the only way open in GATT seemed to be a free trade area. The organization of the Seven outside countries served to avoid a further fragmentation of economic relations in Europe and also provided a better basis for negotiations with the Six.

The main problem as Mr. Maudling saw it was to maintain the OEEC principle of non-discrimination through some kind of association which was consistent with the GATT. As far as the U.S. attitude was con-

cerned he thought the major issue was whether we wanted to preserve a system of European economic cooperation within the GATT framework. If we agreed on this objective, then he was sure the means could be found.

Mr. Dillon expressed his appreciation for the full and frank exposition by the U.K. Ministers. He would be equally frank in presenting these U.S. views. There was, he thought, no basic difference in objectives but we may be operating from different premises and evaluations.

The EEC, Mr. Dillon said, clearly has more political content than the EFTA. It had been the result of a series of efforts to achieve full European integration which would tie Germany and Italy very closely to the other countries of Western Europe. After the failure of the EDC, the economic path was chosen as the route to ultimate political union. Strong U.S. support for the Common Market stemmed basically from these political considerations which overcame the short run economic disadvantages for the U.S. We felt in the long run Europe would be economically and politically stronger and that was important in meeting the Communist threat. Also with complete economic integration within the area, the U.S. expected that there would be long run economic benefits. These considerations made it possible to present the EEC to the Congress and the U.S. public as being in our national interest. The U.S. did not feel that the establishment of the Six should lead to a "split" in Europe or NATO. It was hoped that the NATO structure and joint U.S.-U.K. influence could prevent the Common Market from leading to any political or economic difficulties. Mr. Dillon recognized, however, that the FTA row last year made for bad feelings in Europe. He thought that this had come about because some leaders in France and Germany felt that the FTA was incompatible with the development of the Six; only when the Common Market was further along in consolidating itself could negotiations with outside countries be undertaken. It was felt that the FTA was a real challenge and threat to the Common Market and under these circumstances the US could not actively press for a wider association.

Part of the difference in the evaluation of the effect of the Common Market on European cooperation stemmed from differences in U.S. and U.K. estimates of the prospects for a liberal trade policy in the Common Market. The U.S. feels that the Six will evolve into a liberal trading group. Mr. Dillon agreed that protectionism had been firmly rooted in France, but noted that there are now forces moving in the other direction. While the U.S. may not have pressed adequately for liberal policies on the part of the EEC in the early stages, we felt that as the Community became more firmly established it would be possible to apply more pressure to get them to adopt "outward-looking" policies. Once they are "permanently on the road" then we can press for a more liberal trade policy without jeopardising the Community and our political objective.

The U.S. intends to start this process now and would welcome U.K. cooperation. Mr. Dillon acknowledged that the EFTA has been useful in inducing the Six to adopt more liberal policies.

Regarding the EFTA, Mr. Dillon said the U.S. had not opposed its formation and would not oppose it in the GATT. If the EFTA helps to bring down the Common Market external tariff that will be a very useful development. At the same time it should be recognized that public opinion in the U.S. has not received the EFTA with the same enthusiasm as the Common Market because there is no apparent political connotation. The EFTA appears merely as a commercial reaction to the Common Market which has a discriminatory effect against U.S. exports even though it may conform to the GATT. The U.S. pulp and paper industry, for example, has already complained that it will be adversely affected by the EFTA. The U.S. recognized the EFTA as an established organization and was not against it. Our position may have been misunderstood because we did not stand up and cheer about it.

On relations between the Six and Seven, Mr. Dillon thought that it should be possible to solve some of the problems of the smaller countries on an M-F-N basis. There is difficulty with the negotiations of a broader European arrangement because the Six still feel that it will upset the Common Market. The talk about a "bridge" between the Six and Seven does not arouse any enthusiasm in the U.S. because it appears to involve a series of preferential arrangements which discriminate against the rest of the world. The U.S. would be opposed to such a preferential arrangement. Mr. Dillon said he understood that it was not the U.K.'s intention to work out a preferential agreement inconsistent with GATT.

Mr. Dillon said he was in full agreement with the comments which had been made about the fine work done by the OEEC. He said that the U.S. felt the OEEC should be preserved and we are turning over in our minds the idea of reorganizing the OEEC, with the U.S. playing a more active role. One possibility was that the OEEC could be used as a forum to talk about over-all development assistance policies.

Mr. Dillon said he was delighted to hear that the U.K. is considering with its EFTA partners the possibility of negotiating with the Six in the GATT tariff negotiations. He felt this was a very important practical way of ensuring that the Six will be less protectionist. He also felt that as the Six became stronger they would not need as much tariff protection and they should be able to make unrequited reductions in the external tariff. Similarly, we would propose to ask them to do more in the tariff negotiations than the U.S. could do in return.

On the question of a broader FTA, Mr. Dillon expressed our interest in maintaining the political cohesion of the Six. At the same time due consideration must be taken of the interest of outside countries and the U.S. would want to participate in any discussions which may take place

between the Six and the Seven. He was skeptical about the possibility of negotiating a broad free trade area with the Six at this time.

Mr. Maudling responded to the comment about the relative political content of the EFTA and the EEC by comparing the continental and Anglo-Saxon approaches. He said that the U.K. followed the inductive method, starting with a little bit and building up on a pragmatic basis. There are also, he said, the political consequences of the absence of any agreement between the Six and Seven. Mr. Maudling then reiterated his request for a statement as to whether the U.S. thought there should be a specifically European organization. In other words, he asked, would the U.S. adhere to its original position that if a European free trade area consistent with GATT could be negotiated, it would be a good thing, or does the U.S. now oppose the idea of a purely European economic arrangement which would necessarily involve some discrimination against the U.S.

Mr. Dillon replied that he thought many of the European trading problems could be solved on an M-F-N basis. Also the U.S. did not attach the same political importance as the U.K. to the need for a wider European trade arrangement. However, if an over-all concept does come to pass, the U.S. administration would be prepared to accept it, albeit not with "unbounded enthusiasm." A major consideration in the U.S. position at this time is the changed balance-of-payments situation. Mr. Dillon cautioned that no matter what the U.S. Government felt, the development of a new European free trade area might stimulate an adverse public reaction which would in turn affect the continuation of a liberal U.S. trade policy. There are dangers at home in continued discrimination against U.S. trade and this is why we are pressing so hard to get discriminatory restrictions removed. Thus even if the European-wide arrangement were in accordance with the GATT, it would not be welcomed in the U.S. Mr. Dillon added that some experts have doubts about whether the EFTA will in fact lead to complete free trade among the Seven countries. He specifically mentioned the escape clauses in the EFTA convention which may be used a good deal if governments of the EFTA countries succumb to domestic pressures for protection. Although there was probably no intention to make wide use of these escape clauses, the provisions were in the treaty and might in the future result in turning the free trade area into a preferential area.

Mr. Maudling said he was heartened that the U.S. did not oppose a wider European agreement in principle. He said this was important because other countries have been using the argument that the U.S. is opposed to any European agreement to challenge the EFTA and to impede progress towards a wider solution. On the question of M-F-N solutions to specific trade problems, Mr. Maudling cited the problem of Swiss machine tool manufacturers selling in competition with German producers

who would have no tariff barriers against them. He did not see how an M-F-N solution short of complete free trade could solve this problem. Mr. Dillon replied that a reduction in the Common Market tariff to all outside countries would reduce the margin against Swiss products. He also pointed out that in some cases, such as automobiles, European tariffs, could be reduced or eliminated without substantially benefitting imports from outside Europe.

The Chancellor said he understood how things now looked different to the U.S. in the light of its changed balance-of-payments situation. He welcomed the idea of the U.S. participating more actively in European trade discussions. He thought this would be very useful and indicated that the OEEC framework might be appropriate for this purpose.

In connection with prospects for negotiations between the Six and Seven, Mr. Dillon said he thought it depended very much upon whether the Six felt such negotiations would interfere with the development of the EEC. In this connection, he welcomed the U.K. effort to convince the Six that they were not hostile to the EEC. The Foreign Secretary said he could not understand why the U.K. was accused of trying to undermine the Common Market, but he was certainly trying to dissipate this suspicion. He asked Mr. Dillon whether the current French protestations of liberalism were words or deeds. Mr. Dillon replied that it was probably a little of both. They have in fact reduced discrimination against dollar imports and Mr. Pinay has said that in two years all quotas will be gone. This, Mr. Dillon felt, was an entirely new point of view for France and a very welcome development. Nevertheless, there would still have to be further action in connection with reducing the common external tariff and establishing low duties on List G items. Sir Frank Lee underlined the importance of List G since higher raw material costs in some countries result in different cost structures which impede the development of a wider free trade area arrangement.

The Foreign Secretary asked what we should aim at now. There are a number of proposals for getting negotiations underway. One possibility was to re-open discussions in the OEEC; the Germans have suggested discussions among the Six, the Seven and U.S. and Canada; and the Italians have proposed that a couple of countries from each group carry on discussions.⁵ Mr. Dillon said he was under the impression that the U.K. was in no great hurry to re-open full scale negotiations and, in his view, when the proper time came there would be advantages in a smaller group than the full OEEC. Before the full negotiations were re-opened, the special problems of the small countries outside the Six

⁵ The German proposals were presumably made during Adenauer's November 17-19 visit to London, the Italian proposals during the Segni-Pella visit of December 1-2.

could be considered perhaps in the context of the GATT tariff negotiations. In any event Mr. Dillon said the U.K. should not miss the opportunity to negotiate in GATT for a reduction in the Common Market tariff. In the ensuing discussion of how the smaller negotiating group might be made up, some doubts were expressed by the British side as to whether the European Commission could really represent the Six in negotiations with the Seven. Not only do their instructions tend to be very rigid, but the Commission frequently has difficulty getting Ministers to agree to its proposals. It was clear that if the negotiations involved special problems of individual countries those countries would have to be represented in the discussions.

In trying to look ahead to the next steps the Chancellor observed that it may be necessary for the U.K. just to be patient and wait. Mr. Dillon felt this was the right approach and the thing to do was to watch List G and see what could be done next July 1 when the internal tariff cuts were to take place. Mr. Leddy said that a problem at that time would be whether the internal tariff reductions should be generalized.

In response to Mr. Dillon's request for the U.K. reaction to the Hallstein proposals, Mr. Maudling replied that, although it was not clear what would really happen, the U.K. did not see much in them. Quotas should be eliminated in the near future anyway and so they do not present a problem. Tariff reductions will only go down to the level of the common external tariff and this merely means speeding up the action required by the Treaty of Rome. Mr. Maudling added that any liberalization action on the common tariff or List G would be much more significant.

On the role of the OEEC, Mr. Dillon suggested that we work together and keep the OEEC going so that it can be used when the time comes. The Chancellor said there would be an opportunity at the January Ministerial meeting to discuss further what could be done in the OEEC.⁶ Mr. Maudling noted that the French do not like the OEEC and we may have trouble selling them the idea of using it as a forum for negotiations. Nevertheless, Mr. Maudling suggested that it would be better to "refurbish" the OEEC than to scrap it. The Foreign Secretary added that some people in the Common Market consider the OEEC a divisive element because the Six speak there separately rather than as a unit.

Mr. Dillon asked whether the U.K. would be seeking a GATT waiver for the EFTA, particularly for the agriculture arrangements. Mr. Maudling replied that there may be some controversy on the point but the U.K. felt that a GATT waiver was not required. The Danish-Swedish

⁶January 14, 1960.

agreement⁷ may be particularly troublesome but the U.K. still hopes that it will be changed to bring it more in conformity with GATT. Mr. Leddy expressed some doubts as to whether the exclusion of agriculture from the EFTA and the accompanying agricultural arrangements between the U.K. and Denmark and Denmark and Sweden could be considered consistent with GATT. Sir Frank Lee commented that there might be some difference of opinion regarding GATT theology on this point. Mr. Dillon said he had found a good deal of concern in the Commonwealth about the agricultural provisions. Sir Frank Lee noted that the Commonwealth was losing its European markets because of increased productivity in Europe and it was, therefore, very sensitive about any proposals which might cut them out of what was left to them.

In concluding the discussions, the British Ministers again expressed their appreciation for the clarification of the U.S. position and expressed the opinion that we were very close together. Mr. Maudling said that it was most important to make known the true U.S. position and it was agreed that an attempt might be made to work out some wording which could be used with the press. Mr. Dillon thought that the confusion about the U.S. position might have resulted from the fact that many people in the Six consider that the FTA would destroy the Common Market and so the U.S. position must be opposed to an FTA. The Foreign Secretary said it would be very useful if Mr. Dillon could say during his visit on the Continent that the U.K. is really not opposed to the Common Market. This is a deep-seated suspicion which the U.K. has not yet been able to eradicate. The Foreign Secretary also hoped that Mr. Dillon would make clear that the U.S. recognized the existence of the EFTA, even though it may not be enthusiastic about it. The Six must also accept the Seven as a going institution. Mr. Dillon asked that nothing be said publicly about the U.S. working out closer relations with the OEEC.

The following questions and answers were agreed upon between the U.S. and U.K. sides as guidelines for use in answering press questions on a background basis:

Guidelines for use in response to Press enquiries
on the Six and the Seven

Question: What was the result of the discussions in London on the EFTA and the EEC?

Line to be taken: The discussions in London have been entirely exploratory. There were no decisions, which can only be taken in a wider context after further discussions with other Governments.

⁷ Apparent reference to the Danish-Swedish trade agreement signed July 12 which reduced agricultural tariffs on a bilateral basis.

Question: Are you opposed to the EFTA?

Line to be taken: No. We understand the reasons for the establishment of the EFTA and recognise that the broad principles on which it is based reflect the provisions on the free trade areas in the GATT. We intend to take part in a constructive examination of the details of the EFTA when it is presented to the GATT for consideration.

Question: It has been reported that the United States is opposed to any attempt by the Seven and the Six to work out a European free trade area arrangement between themselves. Is this correct?

Line to be taken: This obviously at the present time is a hypothetical question. A free trade area arrangement of this kind can only be established if all the countries concerned agree.

In the United States view such an arrangement would of course have to be consistent with the GATT. The U.S. would not oppose such an arrangement. However, it should be recognized that in the United States free trade areas do not have the same political attraction as the EEC in terms of a contribution to the political integration of Europe.

Any solution to the trade problems emerging from the EEC and the EFTA must not impair objectives of the European Economic Community relating to the integration of the Six countries. We have been much encouraged by the assurances of the British Government that this is in no way its intention.

82. Telegram From the Embassy in the United Kingdom to the Department of State

London, December 9, 1959, 5:24 p.m.

Secun 2. Department repeat to Murphy in Tomur series.¹ After completion of the talks with other British Ministers I called on Macmillan accompanied by Ambassador Whitney. Macmillan appeared quite tired and I was particularly struck by contrast in his attitude toward Common Market as compared to my talk with him about a year ago.² At

Source: Department of State, Central Files, 375.800/12-959. Confidential. Repeated to New Delhi as Tomur 14.

¹ Murphy accompanied President Eisenhower on his 11-nation good will tour December 3-23.

² See Document 36.

that time he had been quite worked up over possibility that Common Market would be a means whereby Germany would be able to outsell Britain in world markets. He had indicated his determination not to let this come to pass. Today he emphasized his belief in the political value of Common Market arrangements as a means of tying Germany in to the rest of Europe. Despite current problems with France he expressed pleasure at her present strength. [2 lines of source text not declassified]

As a result my talks with him and with other Ministers I am convinced that British have made fundamental switch in their policy and now have adopted an attitude toward the Common Market very similar to that which US has held all along, namely, that it is an indispensable method of tying Germany and France together and thus tying Germany into a unified Europe. Macmillan stressed that this political fact was the important thing of the moment and that the economic problems between the Six and the Seven would eventually work themselves out one way or another. In other words whereas British originally tended fear Common Market because they believed it would be dominated and controlled by Germany, they now favor Common Market as useful means of controlling future German Governments. [2 lines of source text not declassified]

Macmillan also said that without the organization of the Seven Britain would not have been able to work politically with the continent. He also said he felt the Seven would operate constructively to influence the Six toward a lower tariff position. I agreed with him on the latter point.

I think visit here has been quite successful in removing misunderstandings of US position on trade matters and has indicated to British the enlarged and continuing interest of the US in European trade policies because of their inevitable and direct effect on US trade.

Dillon

83. Memorandum of Conversation

Brussels, December 10, 1959, 3:30 p.m.

SUBJECT

Various Issues with regard to the EEC

Source: Department of State, Central Files, 840.00/12-1859. Confidential. Drafted by Corse and Norwood on December 18 and cleared in U on December 17. The source text is incorrectly dated December 18.

PARTICIPANTS

*Commission of European Economic
Community*

President Walter Hallstein
Vice President Robert Marjolin
Commissioner Jean Rey
Commissioner Hans von der
Groebe
Commissioner Petrilli
Mr. Schnippenkoetter

U.S. Representatives

The Under Secretary
Ambassador Butterworth
Mr. Leddy
Mr. Corse—USEC
Mr. Norwood—USEC

Outer Seven

President Hallstein referred to a recent speech which he had made in Basel¹ and indicated that he had gone farther in this speech than ever before in questioning whether the Outer Seven actually formed a bridge for a broader European arrangement. Although he had had these thoughts for some time, he had not expressed them because it would have been inappropriate during the negotiation of the OS arrangement. From a negotiating point of view the OS was not a unit. No one country, such as Switzerland, could speak for the whole group, since each had its own independent policy with regard to its external relations. He also thought that each of the OS had its own trade problems with the Six, and these were generally not common. He said that there was some evidence that certain influential individuals in some of the countries of the OS appeared to be thinking that, if the Six would take care of the economic problems through adoption of a liberal trade policy, this would alleviate the need for a broader European arrangement. The editor of the *Frankfurter Allgemeine Zeitung* had recently expressed this view to him. He identified the editor as being very close to Schaffner,² the principal Swiss advocate of the OS.

Mr. Dillon reviewed the views which he had expressed in London with regard to the U.S. position on the Six, the OS, and a broader European arrangement.³ He said that he had responded to the question as to the U.S. position on a broader European arrangement which was consistent with GATT by saying that this was a hypothetical question but that, if such an arrangement could be arrived at and would not interfere with the full development of the Common Market, the U.S. would not oppose it. But, on the other hand, it would not greet it with great enthusiasm. He said that the British did not want to enter into negotiations for such a broad arrangement until there was some chance that

¹ In a November 24 speech, Hallstein stated that there could be no talks between the EEC and EFTA without the participation of the United States and Canada.

² Schaffner chaired a December 1-2, 1958, meeting of the seven nations which would later form the EFTA at Geneva at which measures were discussed to avoid trade discrimination by the EEC.

³ See Document 81.

they would be successful. The British were willing to wait, and now were finally recognizing the political advantages of the Six. President Hallstein indicated that some of the smaller members of the OS probably were not that patient.

President Hallstein then turned to a consideration of the claim that the Six and the Seven would result in a political division of Europe. He said he did not agree with this claim. In his opinion a political division in Europe could only result if people desired to have such a political division. No responsible European statesman would ever be prepared to advocate such a division as this would mean a dissolution of the Alliance.

Liberal Trade Policy

Mr. Dillon then referred to the vital need for a liberal trade policy on the part of the Six. He said that there was increasing antagonism in the United States against regional blocs. He hoped that the Common Market would adopt a liberal trade policy to assure that people in the U.S. would not come to think of the Common Market as a trade bloc. He said that the rates of duty that might be placed on List G items were very important. Low rates, which he recommended, would be evidence that the Community intended to follow a liberal trade policy besides being in the interest of the Six themselves. He reflected that some action with regard to the common external tariff in connection with acceleration of the Treaty provisions might involve taking the better parts of the Luns and Wormser proposals.⁴ For example, the Six might unilaterally cut the common tariff by some percentage. This would answer criticism which might arise in connection with a raise in duties towards the common external tariff earlier than provided for in the Treaty. He favored such acceleration if done along the above lines and included the more rapid removal of internal trade barriers.

Tariffs

Mr. Rey stated that the List G rates so far agreed to by the Member Governments, which accounted for 40% of the total number of items, averaged generally below the average of individual country tariffs although the rates on individual items might be higher than the average. He could not be sure of what might happen with regard to the remaining items since the determination of the rate was a decision of the Member States and not of the Commission. Mr. Dillon hoped that the Member States would take account of the need for low List G rates both because such rates would be in their own interest and because they

⁴ Luns had offered a proposal that would accelerate EEC tariff reductions over an 8-year period rather than the 12 to 15 years originally planned. The French wished to reduce all EEC tariffs by 20 percent on July 1, 1960.

would be of primary importance in connection with the Community's external relations. He then referred to the possibility of Saharan oil obtaining priority position in the market of the Community,⁵ saying that a solution of this problem without increased protection or discrimination was important. Mr. Hallstein indicated that the matter had only been discussed by the Commission that morning and then only superficially.

Mr. Dillon dwelt at some length on the thought that, as the Six became stronger economically as a larger economic unit, they no longer needed the tariff protection which the average of the previous tariffs of weaker Member States gave. Therefore, the Community could make unilateral reductions.

Mr. Marjolin presented as his personal thoughts a possible program for action by the Community after the presently scheduled tariff negotiations take place during the next two years. He thought it possible that the Community could cut its common tariff by 20% across the board if other European countries and Canada reciprocated. In recognition of the need for the U.S. to obtain Congressional authority and the difficulties that this would entail, the United States would not be expected to reciprocate immediately. It would be hoped that such reciprocation could take place later but agreed that the status of the United States balance of payments at such a time should determine the degree of reciprocity. In his opinion such an action by the EEC would be easier than a unilateral reduction. Mr. Dillon said that this approach would be better than nothing, but that a unilateral action would be much better.

Mr. Hallstein understood that some of the American unions had made flat protectionist demands and said that he had just had a visit from Mr. Meany (who was in Brussels for the ICFTU Conference).⁶ Meany said it had always been the policy of U.S. trade unions to oppose protectionism. However, a great number of the unions were now concerned with special problems, such as those concerned with automobiles, shoes, and watches. In assessing the political significance of union attitudes, Mr. Dillon explained that the views of particular unions or locals of unions might well be more vocal than, and might differ from, their parent organizations. Nevertheless, he said one must acknowledge the growing concern among unions. If some gesture of liberality could be shown by the Community, it would be welcomed. Hallstein said he was aware that some groups look for pretexts to press for restrictive ac-

⁵ The French Government had proposed that crude oil extracted from wells in Algeria be given preferential treatment within the EEC through the imposition of import duties on other nations' petroleum products.

⁶ George Meany, President of the AFL-CIO, attended the December 3-12 meeting of the International Confederation of Free Trade Unions in Brussels. He returned to the United States on December 15.

tion. He reported that in a discussion with Per Jacobssen the latter also said that something of a liberal character would be useful.

Greece and Turkey

Mr. Rey said that the talks with Greece and Turkey on their proposed association with the EEC were parallel, although in point of time the discussions with Greece were further advanced. One problem was agriculture, and this was complicated by the fact that the Community's agricultural policy had not yet been determined. However, he believed that the Commission would be ready to submit a proposed agreement of association to the Ministers of the Six by Easter. This statement was welcomed by Mr. Dillon.

With regard to tariff arrangements, Mr. Rey said that Greece was seeking a full customs union with a transitional period of twelve years subject to certain exceptions, and the Turks wanted twenty-four years. The exceptions in the case of Greece applied only to the transitional period, which Mr. Marjolin stressed was "long."

With respect to financial assistance, Mr. Rey stated Greece, at the outset, said it was calculating on receiving the same aid as had been coming from the U.S. Greece then told the Six that \$60 million a year in aid would be needed from them, and the Turks last week said that double this amount would be necessary in their case. Some remarks were made that there was no harm in asking, and Hallstein declared that the Turks had not behaved badly in the negotiations.

EEC Relations in Europe

Rey said that the Community wanted to improve its relations in Europe. There were certain difficulties in its relations with its neighbors, particularly as the tariff and trade differentials were beginning to be felt. Accordingly, the Commission had proposed the Contact Committee, which would discuss such problems as might occur. The Commission did not yet know what the reactions of all the Seven would be but did know that Switzerland, Austria and Sweden would be pleased. It appeared that London had great hesitations, and the Commission was waiting with interest to hear from Whitehall.

Mr. Dillon believed that the Community could, should, and must do something for other countries on an MFN basis, as in the GATT on a multilateral basis.

In response to the British request to know the U.S. attitude on a big FTA, Mr. Dillon said he had told them that our position continued to be the same—that we were opposed to anything which would impair the integration of the Six. However, if any FTA which was fully consistent with the GATT and which would not submerge the Six could be worked out, the U.S. would not oppose it. However, we would not be happy with it, since it would mean more discrimination for the U.S. Mr. Dillon

told the British further that we did not think their talk of a big FTA was practical, since we did not see anything of this nature in the near future.

He reported that the UK accepted this expression of position. The British responded that they did not intend to pursue such an objective until diplomatic soundings showed that the Six were ready and that any such readiness was some time off.

Referring to Mr. Dillon's statement that U.S. would not oppose an FTA if it did not hurt the Common Market, Mr. Marjolin declared that he (Marjolin) and many others were of the view that an FTA could not be formed without harming the Common Market. Mr. Dillon remarked that he understood Mr. Marjolin's point of view. Mr. Marjolin referred to the other criterion mentioned by Mr. Dillon, that is, that the FTA would have to be compatible with the GATT; and said that this worried him because it might well lead to a grouping of industrial countries which would in effect be discriminating against Japan. Mr. Dillon stressed that the problem was in part one of words. The U.S. would not oppose an FTA if it complied with the GATT, to which the U.S. was a party, but it would have no great enthusiasm about the FTA. He also pointed out that no one could tell what public and Congressional reaction might be to a strong bloc, and such reaction was a very real danger. On the other hand, he said, the U.S. would find it pretty hard to say "no" if an arrangement were put forward which was compliant with GATT. Nevertheless, he stressed, the British understand that the U.S. would prefer that it not come about even though there might be no legal objection to it. On the legal point, Hallstein said he doubted whether the Outer Seven convention could stand scrutiny under GATT in light of provisions permitting a member to get out on twelve months' notice, which would undermine the objective of having an end to the transitional period. Mr. Dillon also expressed doubts on the legal aspect in view of the broad escape clause provided, although the British would assert understandably that no one could say at this time whether the escape would be resorted to extensively.

Mr. Dillon reported that the British said nothing about conversations to handle practical problems, although he had clearly presented an opportunity for them to comment on this matter.

The British, he said, stressed that their position with regard to the European Communities was now one of political support on grounds that the Communities were an element of strength in Europe. The British had told Mr. Dillon that they recently had talks with the French and Italians on this matter to convince them of their position and had asked him to try to get the Six to believe that the UK was not trying to thwart the development of the Six. Mr. Dillon commented that, while the British did not say their present position represented a change in their pol-

icy, he was inclined to think that their policy had in fact changed in an important respect.

Mr. Dillon also had told the British that any Six-Seven arrangement would have a direct interest for us and that we were therefore prepared to take part in talks on it. The British welcomed this proposal. This represented a change in the U.S. position, since hitherto we had been of the view that this matter should be left to the European countries to work out for themselves.

Mr. Hallstein received this with pleasure and believed that it showed that the problems which have been discussed were not confined to Europe but concerned the Atlantic area. Mr. Dillon commented that the issue of trade relations was geographically broader than the Atlantic area and was of concern to Latin America and other areas, for example.

Bringing up the question of procedure for future discussions, Mr. Hallstein thought that it would be a mistake to look for a formal conference or some other formal arrangement to work out a solution and that it would be desirable to have a period of loose arrangements. Some way should be found for conversations to be held between the U.S., the UK, and the Six and stated that some thought was being given to this in the capitals of the Six.

The U.S., Mr. Dillon said, was giving a lot of thought to the question of procedure but had not reached any conclusion. He thought there probably should be some organized method for formal or informal talks but was strongly opposed to a conference from which people expected decisions every time the participants sat down. In answer to Mr. Hallstein, Mr. Dillon said existing frameworks could be used but would have to be modified. Both he and Mr. Hallstein agreed that the OEEC could not be used in its present form and if modified and used, should not be called the OEEC. It would not be sensible, however, to establish a totally new organization. He agreed with Mr. Hallstein that the arrangements should permit talks between small groups within the broader membership.

Aid to Underdeveloped Countries

The question of procedures relating to assistance to the less-developed countries, Mr. Hallstein said the Commission was restricted by the fact that the Ministers, not acting as the EEC Council, had unexpectedly taken this matter up themselves. As to substance, he said the Commission had not yet developed a policy. The Commission, like the Ministers, had a growing consciousness that the Community must take more responsibility for assistance to the less-developed areas. However, this consciousness was so widespread that it was almost a fashion, which had made him begin to wonder whether the people who continued to

express concern for the LDC's really appreciated the meaning of the problem. He believed that the growing importance of the Six as raw material importers enabled the Community to do more in this field.

In response to Mr. Dillon's remark that the overseas territories Development Fund seemed to be going slow, Mr. Hallstein said that this was due largely to the delay of a year in completing the necessary regulations. Mr. Marjolin added that the activity of the Fund was a bit piecemeal in that it had numerous small requests. The Commission was compelled to depend on receiving projects which had to be worked out at the local level. One reason for this was the political and economic changes taking place in Africa which made it difficult to have proper development of projects. Mr. von der Groeben said that it seemed to be more and more difficult to get sensible projects and to get the needed technicians. Mr. Marjolin wondered what form the effort by the Six in favor of underdeveloped countries should take. The Six had already done something for Africa and would probably do something for Greece and Turkey. Also, France had done something on its own. Germany had also given export guarantees. Belgium was expected to do something additional for the Congo. Mr. Dillon commented that Germany and Italy were in a position to extend more and longer term credits for developmental purposes.

Mr. Dillon said he would be really interested to know if the Commission or the Community would be in a position to influence the Member States on this question or whether the U.S. would have to continue to rely on bilateral efforts to obtain an increase in assistance to the LDC's. He thought that France was probably already doing as much as possible in terms of its resources and that Germany, with its large reserves of gold and dollars, could grant long-term credits in place of the short-term credits which had become habit with it. Also Italy, despite its economic problem in the south, had large reserves which could be used. Mr. Marjolin said that the Commission was trying to do something but that "bilateral pressure will not be superfluous." One area in which aid was badly needed, Mr. Marjolin said, was India. Mr. Dillon said that the U.S. did not care very much in which areas other countries directed their financial assistance, since it meant that U.S. funds could be released for use elsewhere.

Cooperation on Business-Cycle Policy

Mr. Hallstein remarked that the Rome Treaty was not very precise on this matter, but that the Commission in its February memorandum⁷

⁷ The first memorandum of the EEC was issued on February 26; in it the EEC Commission suggested closer cooperation with the United States and United Kingdom as well as internal tariff reductions and import quota increases among the member states of the EEC.

had suggested consultations with countries outside the Six. Mr. Dillon observed that discussions in the OEEC had proved useful.

Commercial Policy Matters

The Commission, Mr. Dillon believed, could do something for underdeveloped countries with regard to trade, which was even more important to such countries than economic assistance. The U.S. had the impression that the Six in the course of the recent GATT session had moved a little way toward meeting the underdeveloped countries by expressing a willingness to talk on problems that worry the latter. Mr. Marjolin believed that there were good chances that the Six would take a more liberal view on imports of industrial products from underdeveloped countries. He thought that a formula which reserved the existing market to domestic producers but gave a share of increased consumption to underdeveloped countries might go a long way in meeting the problem. Mr. Dillon remarked that this would also help in relations with Japan.

Free- and State-Trading Economies

In response to concern expressed by Mr. Hallstein, Mr. Dillon acknowledged that the development of trade by state trading countries on the basis of political prices was a potentially serious problem. However, it had so far proved not as serious as many people expected. He thought the problem should be discussed but pointed out that U.S. did not yet have any concrete ideas. Mr. Hallstein believed it was only a question of time before the problem became serious.

84. Telegram From the Embassy in Germany to the Department of State

Bonn, December 11, 1959, 7 p.m.

Secun 6. Eyes only Ambassadors. Department repeat to Murphy in Tomur series. In private 30 minute meeting with Adenauer he described his recent talk with Macmillan.¹ He said there had been certain personal difficulties in that Macmillan felt that the Chancellor had inspired Ger-

Source: Department of State, Central Files, 375.42/12-1159. Secret. Repeated to London, Bonn, and New Delhi.

¹ During his November 17-19 visit to London.

man press to attack Great Britain and Macmillan individually. When Adenauer proved to Macmillan that he was in error Macmillan apologized and Chancellor said this incident was now closed.

Chancellor said the other subject he discussed with Macmillan was relationships between Six and Seven. Chancellor said Macmillan took this very seriously and told him unless satisfactory relations could be worked out between EFTA and EEC within reasonable time there were bound to be serious unfortunate consequences of a political and military nature in UK's relations with EEC countries. Chancellor took this as thin veiled threat to withdraw British troops from Germany. When Chancellor suggested early negotiations between the two groups Macmillan's response was not favorable and Macmillan did not seem pleased about Adenauer's suggestion that US should take part in talks between Six and Seven. On other hand Adenauer said Macmillan told him that US now recognized political usefulness of Common Market and was fully prepared to accept its continued existence as a constructive part of European scene.

I informed Chancellor that my conversation with Macmillan² had closely paralleled what Macmillan had told Chancellor except for total lack of threat regarding British political and military action if relations between EEC and EFTA not settled to UK's satisfaction. I also said that British had appeared to welcome my suggestion that US take more active part in European trade talks, specifically in talks between Six and Seven.

Chancellor's overall estimate of situation was that British were reassured regarding economic consequences to UK of creation of Common Market and therefore were in no particular hurry to commence negotiations. However, British did not look with favor on creation of strong political grouping on the continent of which they were not a part. Since they were not prepared to join Common Market in its terms and since agreement between Common Market and EFTA on British terms appeared unlikely British were intentionally keeping whole matter in certain state of flux in the hope that some solution would develop. This appraisal of current British policy seems reasonable to me.

Chancellor finished his private remarks by emphasizing the necessity for close relations between France and Germany as the basis for European survival in face of pressures from the East, and that therefore value of EEC was primarily a political one in that it bound France and Germany together in a framework of European integration.

Dillon

² See Document 82.

85. Memorandum of Conversation

Bonn, December 11, 1959.

SUBJECT

Under Secretary Dillon's Meeting at Bonn

PARTICIPANTS

Chancellor Konrad Adenauer
Deputy Chancellor Ludwig Erhard
Foreign Minister Heinrich von Brentano
Finance Minister Franz Etzel
Defense Minister Franz-Josef Strauss
State Secretary Albert-Hilger van Scherpenberg

Under Secretary Douglas Dillon
Ambassador Walter C. Dowling
Minister Henry J. Tasca
Mr. Weir Brown, Treasury Representative
Mr. John Leddy, U

Following a half hour meeting with Chancellor Adenauer and State Secretary van Scherpenberg,¹ Under Secretary Dillon met for two hours with the Chancellor and Ministers Erhard, von Brentano, Etzel and Strauss. The subjects covered included problems involving the European Economic Association and the European Free Trade Area, dollar liberalization, aid to underdeveloped countries, and a brief reference to defense spending. Under Secretary Dillon presented the United States viewpoint on these subjects in terms similar to his earlier discussions in London and Brussels.² He stated his belief that the dangers of a political "split" in Europe were exaggerated and expressed the willingness and desire of the United States to participate in conversations between the Six and the Seven in order both to be informed of developments and to contribute usefully to the discussions. The Under Secretary said that he had no great enthusiasm for a full FTA, including the Common Market, since this would give the impression that the European countries were ranged against the United States and the rest of the world. Such an impression would only serve to strengthen protectionist and regionalist sentiments in the United States.

Regarding less-developed countries, Under Secretary Dillon cited statements by President Eisenhower and others on the problem of eco-

Source: Department of State, Central Files, 100.12-DI/12-1159. Confidential. Drafted by Tasca, Brown, and Leddy and cleared in U on December 21.

¹ See Document 84.

² See Documents 81 and 83.

conomic development which the United States regarded as one of the most important of this century. Although the United States preferred private investment to government aid as far as possible, private means were insufficient and the efforts of all financially-strong countries were required to take up the slack. The United States was not asking European countries to substitute for the United States share, but rather to increase the total aid available. The United States considered the Federal Republic as one of the principal countries obliged to increase its financial assistance to the developing countries. Under Secretary Dillon acknowledged that there were problems involving the types of institutions to administer assistance and the forms which such assistance might take. These problems were matters for each country to solve on its own terms. However, it was clear that the over-riding needs of the less-developed countries were for long-term credits or grants. The IDA would play an important role in this regard, but it could not be expected to do all of the job.

With particular regard to India, Under Secretary Dillon emphasized the importance of this country to the Free World. If economic progress were to continue at the present rate in India, greater foreign assistance had to be provided. Indian sterling balances had been heavily depleted. The British were, however, willing to contribute substantially to India and Under Secretary Dillon hoped that the Federal Republic would also step up its aid to that country. Under Secretary Dillon mentioned Greece and Turkey as areas similarly needing continued assistance.

The subject of development aid required further coordination and the United States considered the IBRD an appropriate coordinating agency for specific programs. Consultation on other matters was also required. The United States, for instance, saw the desirability of consulting on matters involving the Six and the Seven, as well as in the aid field. Under Secretary Dillon thought that probably the same forum should be used to consider both matters. These consultations should be continuous and at a high level. He thought that perhaps a small committee could be formed among the European countries without necessarily including the entire OEEC.

In response to an inquiry from the Chancellor about the financial condition of the United States, Under Secretary Dillon replied that the United States was naturally concerned, but that this anxiety was exaggerated in the press. He referred to plans for a balanced budget and said that the outlook for the trade balance was improving. He stated that the United States sought comprehensive liberalization of restrictions on American products and hoped that the Federal Republic would move faster than required under the terms of its GATT waiver. The Under Sec-

retary assured the Chancellor that the value of the dollar could be adequately maintained through sound financial measures.

Defense

The Chancellor inquired if the Under Secretary had anything to say on defense. Mr. Dillon replied that he wished to correct certain misconceptions about American intentions to alter its defense policies. The United States had no intention to reduce its forces in Europe, and if this idea should arise in the future, it would be discussed in close consultation with interested countries. President Eisenhower would wish to assure the Chancellor in Paris next week about inaccuracies appearing in the press on this subject.³ The Federal Republic was already bearing all the costs of its own build-up, which was not true of certain other countries which the United States felt were now able to shoulder such expenses. The Federal Republic could perhaps increase its share of financing infrastructure costs, although the amounts involved were not large relative to the global defense burden. In addition, the Under Secretary suggested that the Federal Republic might be able to assist such countries as Turkey militarily as well as economically.

Chancellor Adenauer

The Chancellor thanked Under Secretary Dillon for his clear and reassuring statements on the United States position. He underscored Mr. Dillon's views on the importance of Greece and Turkey, whose people led sparse lives, had high unemployment, and were important to the West. In his view, coordination of aid efforts was important, but the needs of Greece and Turkey could not wait until a mechanism for coordination was perfected. He would like the United States to study this problem and assured the Under Secretary that the Federal Republic would cooperate in the extension of such aid. The Chancellor also agreed that Germany could and should do more for the less-developed countries. He took exception to the citation of India as a country to which the Federal Republic should increase its aid. He said that the German conscience with respect to India was clear. Africa might be mentioned by the Germans to the President in Paris as presenting a special economic-political problem; not Algeria, but the equatorial regions and mid-Africa, where the Communist infiltration was causing anxiety.

Minister Erhard

Economics Minister Erhard welcomed the Under Secretary's statement of United States willingness to take part in negotiations between

³ Eisenhower and Adenauer were to meet at the December 19–22 Western Heads of Government meeting at Paris.

the Six and the Seven, and inquired exactly how far we were willing to go. He asked whether the United States and Canada would become a really active third political force in such negotiations. Cooperation among these three groupings could be more important to the world than the GATT. Under Secretary Dillon rejoined that while participation in negotiations was possible for the United States, cooperation in the form of a Free Trade area that would include the United States would not be appropriate. This would create problems in our relations with Latin America, Japan and other countries. Cooperation could assist and prepare for GATT discussions, but would not be a substitute.

Japan

Under Secretary Dillon stressed the need for associating Japan, a country with a strong, resurgent people and a vital role to play in Asia, with any developments and discussions in a reorganized OEEC. Other countries also could not continue overt discrimination against Japan in trade matters without serious difficulties. Minister Erhard subsequently addressed himself to this problem by noting the inability of European countries to agree on a common policy with regard to Japanese imports. This made it difficult for one country alone to pursue a generous policy.

Six and Seven

In reply to a question by Adenauer as to the willingness of the United States to participate in discussions between the Six and the Seven, Mr. Dillon stated that the United States would be interested in participating in talks between the Six and the Seven which looked toward a settlement. This did not mean that the United States was interested in a big Atlantic FTA. That was another question which was certainly premature. In the United States' view, any settlement between the Six and the Seven would have to provide a resolution of political differences in addition to being in accordance with the GATT. It should not lead to increased discrimination against United States and other third countries. The United States would expect to take part as an observer which would be a different role from a participating member of the Six or the Seven, or from taking part in the active negotiations. Concessions exchanged in any specific negotiations between the Six and a third country should, in the United States' view, be generalized by most favored nation treatment and be made available to other GATT countries. The United States could not, of course, expect to be present in such negotiations. In commenting on Minister Erhard's announcement of further liberalization on January 1, the Under Secretary expressed the hope that the GATT-approved schedule under the waiver would be accelerated.

Minister Erhard stressed the problem of relations between the Six and the Seven as very serious since 60 percent of Europe's trade was intra-continental. Economic developments had political aspects and vice

versa. He believed that if the Six and the Seven met to settle outstanding issues and to agree on mutual tariff concessions, it would be useful if the United States also participated.

Minister Etzel

Minister Etzel agreed with Minister Erhard that the Common Market should be as liberal as possible and should protect America's interests. He urged United States participation in conversations between the Six and the Seven. With respect to underdeveloped areas, Minister Etzel noted the Chancellor's agreement that the Federal Republic should increase its aid and he stressed again the Federal Republic's willingness in this respect. However, he believed that the Federal Republic was doing more than was generally realized and pointed to its participation in various international programs, including the Common Market's Overseas Development Fund, European Investment Fund and its Social Fund. Germany's assistance was approaching one percent of its GNP, as compared with only slightly more than one percent for the United States. With respect to Germany's surplus payments, he noted that this did not help its budgetary problems. The surplus was also inflationary since the Bundesbank had to pay out marks for foreign exchange. As to the United States' balance of payments, he agreed that the situation was not really disquieting, but considered that the Federal Republic could make contributions to lighten the situation. He proposed an additional prepayment in the amount of \$200 million on Germany's debt to the United States for postwar economic assistance.

Minister Strauss

Defense Minister Strauss referred to the effective contribution the Federal Republic would eventually make in the field of defense in the form of combat-ready forces with full nuclear capability for the Army, the Air Force and partially the Navy. He considered the use of infrastructure percentages as a measure of a country's financial contribution as being theoretic, noting that the Federal Republic had paid 50 million pounds for infrastructure at the outset as an "entrance fee". Minister Strauss stated that the Federal Republic's support of Greece and Turkey in the nuclear field was already taking the form of substantial armament orders (DM 740 million for Turkey and DM 60 million for Greece). In addition, it was generous on prices thus giving in fact economic assistance. He noted the great volume of orders being placed by Germany in the United States and stated this would continue as the build-up of the Bundeswehr progressed.

Chancellor Adenauer stated that the additional aid proposed by the Federal Republic indicated what great importance the Federal Republic attached to the Soviet threat which would be continued for many years to come.

State Secretary van Scherpenberg

State Secretary van Scherpenberg proposed a meeting prior to the OEEC Ministerial Conference in January⁴ among a small group representing five or six countries to discuss relations between the Six and the Seven. The Chancellor interjected that the Commission of the EEC should be included. Van Scherpenberg then stated that the Federal Republic attached importance to the development of methods to coordinate aid to less developed countries and referred to the possibility of a standing committee being established for this purpose.

Under Secretary Dillon stated that he would attend the January OEEC meeting and looked forward to the possibility of discussing these matters with other countries as suggested. He would consider it very helpful if the European Commission were represented. In addition, he would be interested in discussing further ways and means of coordinating aid to less developed countries. He noted that the World Bank was useful for the purpose of coordinating information, but some other mechanism at a higher level was needed to formulate over-all policy questions relating to foreign aid.

⁴ January 14, 1960.

86. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, December 13, 1959, 1 p.m.

Polto 1139. For USEC. From Dillon. Following highlights discussion with representatives Seven:¹

A. Seven represented by de Besche and Hagglof (Sweden), Schaffner (Switzerland) and Sommerfelt (Norway). De Besche and Schaffner principal spokesmen.

B. Seven reps emphasized great economic significance for their countries of discrimination which will result from development of Common Market and pleaded for US understanding of motivations which led to decision establish EFTA. Stating that very existence their

Source: Department of State, Conference Files: Lot 64 D 560, CF 1547. Confidential. Drafted by Stibravy. Pouched to the OEEC capitals.

¹ The discussion was held in Paris at 3 p.m. on December 12.

small nations involved, called for US sympathy if not support, alluding to irony of situation in which friends of US in EFTA, which have traditionally followed low-tariff and liberal commercial policies, must plead even for US neutrality.

C. Presentation by Seven reps included lengthy review of circumstances which in view of EFTA countries made it impossible for them to join in federated Europe such as envisaged by Six and reasons for failure of Maudling FTA negotiations. Following points were emphasized:

(1) EFTA though economic in motivation and form has significant political content since hoped would be stage in resumption all-European cooperation.

(2) Problem of European split must be solved before investment decisions create forces which might make split irrevocable.

(3) Aware of US support political objectives of EEC but hoped this did not mean US would always support economic policies of Six when these inimical to broad European cooperation.

(4) EFTA countries not opposed to political objectives of Six and no suggestion to this effect can be found in EFTA Convention. See no reason why Six cannot continue develop political community in wider trade grouping.

(5) Trade policies of their countries traditionally liberal and would continue to be.

(6) In response to US feeling that EFTA simply establishes new area of discrimination against US have only one answer—that free trade area with separate national tariffs provides effective inducement to lowering of higher tariffs in the area, especially with respect to raw materials and semi-manufactures. Felt this consideration particularly important in arriving at judgments re possible all-European FTA.

(7) Given operation of this factor, no basic contradiction between two aims of wider European FTA and US insistence avoid new discrimination. (Quota problem felt to be on way out.)

(8) Desirability tying UK closer to Continent and significant development in UK policy this direction in establishment EFTA, including acceptance majority decisions in many cases and one country one vote arrangement instead of insisting on weighted voting as provided in EEC.

(9) Firm desire continue working together in OEEC.

(10) Six using US as shield behind which to refuse to open talks on grounds "US won't like it."

D. Dillon made following comments:

1. Reviewed basis US support EEC stressing US insistence Six avoid protectionism and develop liberal commercial policy.

2. Noted US had no objection to original proposals for an all-European FTA though involved greater discrimination against US, so long as did not destroy political concept of Six.

3. Similarly US has never interposed slightest objection to Seven though feels motivation here primarily economic and doesn't see why political split in Europe must necessarily result from creation EEC.

4. If establishment EFTA puts Seven in better position deal with their problems as they see them, we welcome such development.

5. US will not accept just any economic policy of Six and has been making this clear. Noted US representations on List G items and common agricult policy.

6. US will treat Seven in GATT no more or less stringently than Six.

7. Will not object to wider FTA if it can be achieved without upsetting EEC and be in conformity with GATT. However, pointed out that US public opinion now very sensitive to trade discrimination against US and might be disturbed by increased discrimination against US inevitably involved in any broad European FTA. This could result in increasing protectionist sentiment in US which would be bad for all concerned.

8. Noting widespread feeling talks looking to broad solutions not now practical, emphasized should attempt to deal on MFN basis with specific problems as they arise perhaps through direct Six-Seven negotiations.

9. Any decisions between Six and Seven of interest to US which would wish take part in any talks in order (a) see that any agreements based on multilateral concepts (b) do what it can to help minimize political and economic frictions and thereby help find solutions. Emphasized US willing and eager to help as much as possible in contrast to US posture during FTA negotiations when emotions ran high on both sides.

E. During discussion both sides agreed desirability use OEEC as forum for talks. Dillon noted major difficulty was tendency in some Six quarters to view OEEC as instrument for undermining EEC and suggested some reorganization of OEEC might be necessary. Agreed that EEC Commission should be brought into OEEC picture to greater extent.

F. In response Dillon questioning whether Seven saw any solution short of European trade area and what ideas Seven had on timing, Seven reps replied first problem is to persuade Six (especially French) that opening talks with Seven did not involve danger to EEC. Felt US must undertake this persuasion. Did not regard Hallstein proposals including that for Contact Committee as leading in desirable direction.² In short Seven reps indicated their thinking confined to broad FTA as solution to problem. Nothing else would do and it was up to US to persuade EEC to go along. Dillon commented this posed difficult problem as he agreed with UK feeling that revival broad FTA negotiations not practicable at this stage.

G. In conclusion, Dillon emphasized importance joining in GATT tariff negotiations with Six to lower common external tariff. Seven reps stated this had always been the intention of their govts. They made it clear that earlier reluctance to commit Seven to such negotiation was solely UK idea.

Burgess

² See footnote 2, Document 70.

87. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, December 13, 1959, noon.

Polto 1138. For USEC. From Dillon. Following highlights discussion of reps of OEEC with Dillon.¹

I. OEEC represented by Ellis-Rees (Chairman of Council), Ockrent (Chairman of Exec Com) and Sergent (Sec Gen). Two subjects discussed: (1) Meeting of Council of Ministers, Jan 14, 1960 and (2) future role of OEEC. In addition to Dillon, Upton (Under Sec of Treasury) and McCarthy (USRO) were present.

II. Council of Ministers

(a) Date, Jan 14th to be announced next week. Ellis-Rees explained that had not called Council of Ministers for a year as had not wanted another display of disunity² but that now felt that time had come following recommendations of Economic Policy Committee for Europe to look at use of own surplus and not allow piling up, especially in view of US balance of payments situation. Emphasized importance capital flow to LDCs (both to OEEC LDCs and outside Europe). OEEC has had considerable experience and developed techniques in case of own LDCs (Greece, Turkey and Spain). A more liberal import policy also needed. Both in trade field and in financial field pressures on government more effective if part of a joint effort. Said Ministers would not be expected to make precise decisions but to give their blessings to further work.

(b) It was brought out that on the financial side much needed to be done and that many aspects of European capital market had not been investigated. In this connection Upton stressed importance of changed structure of lending, i.e. longer-term which Europeans had not developed.

(c) Reps throughout underlined importance to the OEEC of Dillon's presence at Jan meeting.

III. Functioning of OEEC

Ellis-Rees said following convertibility and development of EEC some doubted OEEC had future role. Hoped that Ministers could decisively show had a role as a European rallying point which neither NATO nor EEC could fulfill and as a forum for ironing out differences. He emphasized its political significance in the creation of economic strength against communism and its unique attractive power for such

Source: Department of State, Conference Files: Lot 64 D 560, CF 1547. Confidential. Drafted by Dietrich. Repeated to the OEEC capitals.

¹ The meeting took place in Paris at 5 p.m. on December 12.

² See Document 43.

countries as Yugoslavia, Israel, Finland and Morocco which all sought some relationship. Ockrent said OEEC was Art 2 of NATO in operation with neutrals added. Quoted Spaak to this effect also and said that western world efforts vs communism depended on political will; that NATO could provide political impulse but not implementation.

IV. Dillon stated that he hoped to be able to attend Council of Ministers to which attached importance, explaining difficulties of his absence from US while Sec away. Said US was studying how could take more active part in European efforts to cope with trade problems and LDCs and that OEEC was certainly a possible forum.

Burgess

88. Memorandum From the Under Secretary of State (Dillon) to Secretary of State Herter

Paris, December 13, 1959.

During my talks this last week I found that the British, Germans and Dutch strongly favored the idea of reorganizing the OEEC with full U.S. participation. The opinion seems general that the original purposes of the OEEC have been fulfilled and that the need now is for a new effort by the industrialized countries to mobilize and coordinate assistance to the less developed areas. Our desire to participate in any future discussion regarding the settlement of the issues emerging from the EEC and EFTA has also been welcomed and feeling is general that the only suitable forum for such discussion would be a reorganized OEEC.

The British volunteered that they would be happy to step down from the permanent chairmanship of the OEEC which they now hold if the U.S. were to join a reorganized institution.

The French favor the objectives but had some worry about modalities. The main concern of the French is the problem of delay. To reorganize the OEEC will take time, while the need for coping with the EEC/EFTA problem is urgent. At the same time, an ad hoc group to dis-

Source: Department of State, Central Files, 374.800/12-1359. Confidential. Herter was in Paris for the North Atlantic Council Ministerial Meeting December 15-17 and the Western Heads of Government meeting December 19-21.

cuss this matter would be dangerous, since the issues involved cannot be settled in one or two meetings and public opinion would tend to concentrate on this aspect.

There is also a fear in some quarters (e.g. Monnet) that reorganizing the OEEC from within may be difficult—largely because of vested interests in the Secretariat, committee chairmanships, etc.—and that the best approach would be for the key governments to make the basic decisions outside the OEEC.

As a result of my talks I have come to the conclusion that it is best to act now, on the basis of a joint decision of the Heads of Governments, rather than to await a unilateral announcement by the U.S. in the State of the Union message as we had earlier planned.

This could most easily be accomplished through the inclusion of an appropriate section in the communiqué to be issued at the close of the Western Summit meeting. The essential elements would be:

1. To record the view that the major purposes of the OEEC to assure the economic recovery of Europe have now been accomplished.

2. To assert that new and important tasks now face the industrialized countries of the Free World—namely to mobilize resources to assist the less developed areas, to promote policies contributing to growth and stability in the world economy, and to further world trade on a multilateral basis.

3. To record a decision by the four governments to appoint a group of their representatives to consider and recommend the form of a successor organization to the OEEC, inviting for this purpose the participation of the countries presently represented on the Executive Committee of the OEEC and a representative of the Commission of the EEC.

Suitable language would have to be found to make it clear that the new organization would not duplicate or interfere with the functions of the World Bank, GATT, etc. Something would also need to be said to cover consultation with Japan.

The end result would be a group of the following countries which would have the *public* task of reorganizing the OEEC, but could also iron out the problems of the Six and Seven.

U.S.	Belgium
U.K.	Denmark
France	Switzerland
Germany	Turkey
	Italy
	EEC Commission

If you concur, I suggest that we first discuss this proposal with Secretary Anderson¹ and then recommend action along these lines to the President.²

Douglas Dillon³

¹ On December 15, Dillon reported to Secretary Herter in Paris that Anderson's opposition to a reorganization of the OEEC was "largely if not primarily motivated" by concern that any expansion of the Department of State's role in international economic affairs would be at the expense of the Department of the Treasury. Dillon added that Anderson could be expected to oppose any new initiatives to promote OEEC reorganization. (Tocah 4 to Paris; *ibid.*, 840.00/12-1559)

² On December 16, Dillon reported to Eisenhower on his mission to Europe: "As a result of my discussions in Europe last week I have become more than ever convinced that we must launch a new initiative to find a constructive solution to the growing trade rivalries in Western Europe and to mobilize the energies of the industrialized countries in a concerted effort to help the less developed areas." (Tomur 34 to the U.S.S. *Des Moines* in the Mediterranean; *ibid.*, 840.00/12-1659)

³ Printed from a copy that bears this typed signature.

89. Memorandum of Conversation

Paris, December 13, 1959.

PARTICIPANTS

M. Couve de Murville, Minister of Foreign Affairs
 M. Eric de Carbonnel, Secretary-General of Foreign Ministry
 M. Olivier Wormser, Director of Economic Affairs, Minister of Foreign Affairs
 Mr. C. Douglas Dillon, Under Secretary of State
 Ambassador Houghton
 Jacques J. Reinstein, American Embassy, Paris

M. Couve de Murville opened the meeting by expressing his pleasure at seeing Mr. Dillon in Paris. Mr. Dillon said he had a very useful discussion with M. de Carbonnel, M. Wormser and a number of their colleagues in the French government several evenings before.¹ He said he assumed that the Foreign Minister received a report, but that he would be glad to give a brief account of American views if this would be

Source Department of State, Central Files, 110.12-DI/12-3159. Confidential. Drafted by Reinstein. Transmitted to the Department as an enclosure to despatch 959 from Paris, December 31.

¹ This discussion took place at a December 11 dinner given by de Carbonnel at the Quai d'Orsay. Dillon reported on the discussion in telegram 2725 from Paris, December 14. (*Ibid.*, 110.12-DI/12-1459)

helpful. He mentioned the various people with whom he had met during the course of his trip to Europe. M. Couve de Murville commented, with regard to Mr. Dillon's reference to his talk with the representatives of the Outer Seven,² that the Swiss and the Swedes were being very tough. Mr. Dillon replied he was not certain he had made much progress with them.

Mr. Dillon said he would outline general thinking of the US briefly. We had been watching the development of discussions regarding trade among the European countries for a couple of years, but he had taken no part in these talks. The United States Government had stated that, if the European countries wished to and could reach an agreement on a free trade area, we could accept such an arrangement. After difficulties arose in the negotiations, we had become concerned. We had become more and more concerned since negotiations had broken down. Since then, the situation seems to be developing into a political problem between the United Kingdom and its neighbors on the continent.

Mr. Dillon said more recently discussions had taken place leading to the conclusion of the Outer Seven agreement.³ The participating countries of course had a right to make this agreement. However, we did not like it. It appeared to us to involve more discrimination and we saw no political benefits resulting from the treaty. However, the treaty appeared to us to be consistent with GATT and the United Kingdom says that it has political objectives and benefits.

Mr. Dillon said that the question now confronting us was how the Six and Seven could be brought into a harmonious relationship from a political and economic viewpoint. On the economic side, it was difficult to see how a relationship between the two groups could be established without departing from the GATT rules. Such a departure, he said, would be bad and might make it impossible for the United States to maintain its liberal trade policy. An abandonment of the United States of this policy would lead to serious repercussions.

Mr. Dillon said that under the circumstances, we thought that the time had come for us to play a more active role in this question. He therefore came to Europe to talk over these problems and to explain our viewpoint. There had been a number of stories in the papers that we were opposing the project of the Seven. In his discussions with the British,⁴ he had attempted to make clear that we were not opposed to the agreement, but we were not enthusiastic about it and were concerned regarding the political problems which had been generated by differ-

² See Document 86.

³ See Document 52.

⁴ See Documents 81 and 82.

ences of opinion regarding trade questions. We felt that there should be a settlement of these issues in the near future which was not discriminatory against the outside world. We also wished to take part in the discussions. Mr. Dillon said he had also mentioned to the British the desirability of coordinating policy regarding aid to underdeveloped areas. The British had agreed and thought that this task might be undertaken in conjunction with the discussion of trade policy.

Mr. Dillon said that he had encountered general agreement with the views which he had expressed. He mentioned that he had had a conversation of about three hours' duration with Chancellor Adenauer.⁵ One point of difference in his talks with the Germans was that the Germans felt, in the light of their conversation with the British, that the United Kingdom was still pressing for the big free trade area. Mr. Dillon said that he had also urged on the Germans that they should do more in the way of aid to underdeveloped areas. They had agreed that they should do more. The Germans were of the opinion that discussions should be undertaken now on these matters. He had also found the Dutch in agreement with the need for doing so.

Mr. Dillon said he had stressed to the Germans, the Belgians and the Dutch the importance attaching to the EEC operating on liberal trade principle. In his conversations with the British he had told them that he felt that they had been operating on a different assumption regarding the future conduct of EEC than we had. We had expected the EEC to follow liberal policies and to adopt an outward looking attitude, whereas the United Kingdom had expected it to be protectionist. On the whole, it appeared to us that our assumption was proving to be well-founded. However, great importance would attach to the outcome of the List G negotiations. This would be the first decision which would be freely taken by members of the Community on tariff policy, and it would be interpreted as an indication as to whether the Community would follow a liberal policy or a protectionist policy.

Mr. Dillon said that, in his discussions with the British, he had been asked about our attitude toward a big free trade area. He had said that it was the same as before. If such a free area could be established without injury to the Common Market, and if it were consistent with GATT, we would accept it. We had in fact no alternative to accepting it, and we would certainly not take the lead in attempting to block such an arrangement if other people wanted it. On the other hand, we doubted whether it was practical to talk about such an arrangement at the present time. The British had said they agreed. They were in no hurry to begin conversations. They did not want to have another failure and they thought that

⁵ See Documents 84 and 85.

if negotiations were taken at this time, they would result in a failure. The British had also said they now accepted the political concepts involved in the Community of Six.

Mr. Dillon said he had told the British there was one point on which we felt we were in disagreement with them. It seemed to us that there should be some conversations on general policies now. Also, we felt that there should be discussions of specific trade problems created by the EEC which were more serious for smaller participants of the Seven than for the British. We had no feeling as to whether these discussions should be conducted by members of the Seven individually with the Six or as a group. Mr. Dillon said that the British welcomed US participation but had made no suggestions as to procedure.

Mr. Dillon said he had also discussed in Brussels with the representatives of the Community⁶ the question of accelerating the application of the Rome Treaty. He hoped that the process of acceleration could be combined with some move to reduce the common tariff. He also discussed this question with M. de Carbonnel's colleagues in Paris. He thought there was a general measure of agreement except on the question of timing. There had also been an agreement to have a meeting of experts to look at the relative levels of the American and the common tariffs.

Mr. Dillon said that the question which then arose was how further discussions should be conducted. He had raised this question in his discussions with the Germans, the Belgians and the Dutch. All three of them had come up with about the same answer, that is, some form of reorganization of the OEEC. He had commented that this was certainly one way in which discussions could be carried on, and perhaps the most practical. There seemed to be general agreement that we should not have a new international organization. There also appeared to be agreement that it would be undesirable to have one big conference. It would be impossible to solve these issues in a single conference. Expectations of great solutions would arise and would inevitably be followed by disappointment and concern. If the OEEC were to be employed, it would have to be very fundamentally reorganized. The original tasks of the organization had been largely completed. It would have to be converted into an institution for economic cooperation not confined to Europe. Some small body would have to be established to undertake this task. Mr. Dillon said that he had found general agreement that this should be done, but no suggestions as to how it might be done.

Mr. Dillon said, in his discussions with representatives of the French government, that they had raised a very practical problem. The

⁶ See Document 83.

OEEC was established by treaty and would take a very long time to modify it. If it were to be used, the task would have to be undertaken promptly. Mr. Dillon said this was a good point. He thought the way to deal with the matter was to decide to reorganize the OEEC and to entrust the work to a committee of representatives of the four big powers plus those represented on the Executive Committee of the OEEC. This would bring in Italy and some of the smaller countries. This group would also undertake discussions of the problems of relationship between the Six and Seven.

Mr. Dillon said that the suggestion had been made that, in order to get out of the OEEC framework, the matter might be taken up in the Heads of Government meeting. The United States Government had not come to any conclusion regarding this idea. Clearly, it would not be desirable to ask OEEC to reorganize itself.

Mr. Dillon said that there appeared to be a good deal of interest in the possibility of using a reorganized OEEC as the method of dealing with the discussions. When the subject had been mentioned in his conversations in London, he had found the British extremely interested. They said they would very much like to have American participation. The British had volunteered the statement that they had been more or less in charge of the organization for some time and they were quite prepared to give up this position. Mr. Dillon said that any change in the OEEC would, to make it suitable for the purposes which were being discussed, have to be quite fundamental. Any feeling that the organization was working against the Six would have to be removed.

M. Couve de Murville said he thought he was in complete agreement with the general lines of American thinking as outlined by Mr. Dillon. The main French interest in the Six was a political interest. However, they thought it was a good thing from an economic viewpoint and it seemed to be working very well. It was for this reason that the French could not accept the idea of a free trade area. At the time the discussions on a large free trade area had come to a head last year, the objections which had been made by the French had been expressed in economic terms. However, it had been clear then that, if they were to enter into a free trade area, it would be at the cost of the Community of Six.

The Foreign Minister said that the British had told the French, as they had told the Germans, that their political objections to the Community of Six had been removed. He said he was not sure that, at the bottom of their hearts, they really meant this. Mr. Dillon said that he was likewise not certain, but he thought the important point was the British were saying it.

The Foreign Minister said that, at the beginning, the project of the Seven had been purely a tactical move. He did not think that the British

expected it to succeed and he was not certain that they were very happy about it, now that they had it. Mr. Dillon said that he agreed. In any event, the Foreign Minister continued, the question now was what one should do. There were not many possibilities. One was to have a large free trade area. To this, the French were opposed. Another possibility was to set up some form of preferential arrangement between the Six and Seven. This would not be objectionable to the French, since it would not affect the Community of Six. However, it was clear that it was not acceptable to the Americans and therefore was not desirable. The British appeared to be in agreement with these thoughts, at least they say they are. If these possibilities are ruled out, what is left? The only other possibility which he could see was to develop trade with everyone on the freest possible basis and on a non-discriminatory basis. Despite what the British said, he thought they really were still hoping for some preferential arrangement.

Mr. Dillon said he agreed. He added he had accomplished one thing, he thought, in his discussions with the British. He had heard last year that the British and possibly others of the Seven were disinclined to go into the GATT negotiations. He had strongly urged on the British the need for entering seriously into these negotiations. The British had said they would talk with the other members of the Seven. In his subsequent talks he had also raised the point with representatives of the smaller countries of the Seven, who had said they very much wanted to have serious negotiations in GATT.

M. Couve de Murville commented that the small countries are always ready to carry on discussions, perhaps in the hope of getting at least small results. He believed there was agreement among the Six that the EEC should follow a liberal policy. He was certain M. Pinay would tell Mr. Dillon that he favored a liberal policy, in fact even a more liberal policy than M. Couve de Murville favored, if that were possible. At the present time, the French government was not encountering a great deal of opposition to the adoption of such a policy. In part this was the result of the favorable economic situation, since the effects of devaluation have not completely worked themselves out. Also, this had resulted in part from the Common Market itself. French industry had found that competition had not hurt it.

The Foreign Minister said that the problem was how to carry on among ourselves discussions on how to be liberal. One possibility was in the GATT negotiations which were to be undertaken under the initiative of Mr. Dillon. This would involve negotiations regarding the level of the common tariff. By definition these negotiations involved the question of reciprocity, regardless of whether the French or the Americans were right as to whether the American tariff or the common tariff was higher. He thought there was agreement that the British tariff was

higher than either. At any rate, one of the first topics to be discussed was the question of reciprocity itself. As to the method of discussion, the French view had been that it would be desirable that the problems be discussed informally by the principal countries concerned. As he understood it, the Americans were suggesting that the discussions should be undertaken in a reorganized OEEC.

Mr. Dillon said that he did not think the discussion of these major problems could be left to experts. The problems would have to be discussed over some period of time. The mere undertaking of the discussions would be helpful. The discussion would be more useful if it were done within some framework. We also have to find a place for dealing with the aid problem. The question is whether it would be easier to abolish the OEEC and establish a new organization or to use the existing organization and to reform it.

The Foreign Minister said it seemed to him that one did not need a "heavy" organization. To this Mr. Dillon agreed. M. Couve de Murville said the OEEC was a rather heavy organization. It had eight hundred to a thousand people on its staff. If the United States joined, this number would be doubled. Mr. Dillon expressed surprise at this number.

M. Couve de Murville said that, as he saw it, there were two drawbacks to using the OEEC. One was this administrative heaviness. The other was the general spirit of the organization. It has always been a European organization. Its activities had been directed to European problems. In addition, it had been opposed to the Community of Six. This was even true of the representatives of the Six in the OEEC, with the possible exception of the French representative. As he saw it, what was needed now was somebody whose activities were directed more broadly, perhaps on an Atlantic basis.

Mr. Dillon said the new approach might be on an Atlantic basis or without any regional connection. It would be desirable, for example, to associate Japan with the coordination of policy on aid. The Japanese had extended extremely large sums of money as aid under the heading of reparations. M. Couve de Murville said that the association of Japan in trade matters would, on the other hand, involve rather delicate considerations.

Mr. Dillon said that he thought there should also be provision for representation of the European Economic Community. The Foreign Minister said that he agreed. There was no problem about this. As soon as one entered into a discussion of tariffs, it was essential to have the Commission participate, as it was to participate in the forthcoming GATT negotiations. Mr. Dillon said he thought that the presence of the Commission should help develop the right spirit in the discussions. The

Foreign Minister expressed some doubt, recalling that the Commission had participated in the free trade area negotiations last year.

M. Couve de Murville said he assumed that the body would not have any executive character. Mr. Dillon replied that it would not; it would merely be a place to talk. M. Couve de Murville said he also assumed that it would not engage in detailed planning in regard to aid. Mr. Dillon agreed. He said it would be concerned only with general policy coordination.

The Foreign Minister asked what specification could be taken. He thought something should be done soon. It would be undesirable to allow the question of relations between the Six and Seven to become further crystallized and hardened. Mr. Dillon said that, if the chiefs of government were to decide that something should be done, this would give the process considerable impetus. The Foreign Minister agreed. He said there would be some difficulties, with Italy for example. Mr. Dillon said that the subject had come up during the President's discussions in Rome.⁷ The Italians had suggested reorganization of the OEEC. The President answered, not on the basis of briefing, that this appeared to him to be a good idea.

M. Couve de Murville said that, if a decision in principle were taken at a Western summit meeting, the subject could presumably be discussed further at the time of the January OEEC meeting. This would be purely a formal meeting. However, under the circumstances, a discussion by a more limited number of countries could be held a day or two before the formal meeting. Mr. Dillon expressed general agreement with this suggestion.

M. Couve de Murville said he thought it would be useful if the Heads of Government could take a decision on the subject. This would in effect settle the matter and remove it from debate. The discussion could then proceed to the modalities for carrying out the agreement. He asked what the British reaction to all this would be. Mr. Dillon said that they had indicated agreement with this general approach in his talks in London. They had expressed the view that it would be generally agreed with the possible exception of the French. M. Couve de Murville said he had discussed the problem in general terms with Lloyd on the occasion of his general visit to Paris, and he had told Lloyd that the United States must be brought in on future discussions on trade problems.

The Foreign Minister then asked what specifically the Heads of Government would be asked to decide. In response to a question by Mr. Dillon as to his ideas, M. Couve de Murville said that the most important

⁷ The discussion took place on December 5 between Eisenhower and Italian Prime Minister Segni; see Part 2, Document 262.

trade problem was that of the Six and Seven. The United States and Canada should be brought into the discussion of this problem. He thought that the Heads of Government might agree that the four governments should discuss the problem and the methods of dealing with it. He thought that whatever formula is adopted should be a very simple one. For example, the Heads of Government might agree that the four governments should consider ways of studying the problem in association with other interested nations.

The Foreign Minister said he wished to be clear on one point, and that is the problem would not be given to the OEEC people for study. Mr. Dillon said that it would be studied by representatives of the governments.

A general discussion then followed regarding the various functions of the OEEC which would have to be sorted out. Mr. Dillon said that he thought that the European monetary agreement⁸ should be put to one side and dealt with separately; he said the United States did not wish to take part in this arrangement. It was also noted that the OEEC had functions in the atomic field,⁹ for which some provision would have to be made. The Foreign Minister asked about the work on quotas. Mr. Dillon said that this had been pretty well accomplished on a general basis and that the remaining problems involved largely questions of specific cases.

M. Wormser said it was easier to talk about liberalization on a world-wide basis if economic conditions were good. It was difficult in times of recession. He asked whether it would be possible to consider in this new body questions of "politice de conjuncture" (business cycles). Mr. Dillon said that the Germans had also asked him this question. He personally thought that this was a subject on which we would have in time come to discuss. We were increasingly becoming more interdependent. He said we would have to be frank to say that there were differences of opinion on this subject within the United States Government and that he could give no response at this time.

M. Couve de Murville suggested it would be desirable to have a piece of paper to put before the Heads of Government. Otherwise the opportunity for dealing with the matter would be lost. He asked whether it would be useful for the French to prepare a draft and send it to Mr. Dillon. Mr. Dillon said it would be most helpful and that, if he had left by the time it was prepared, it should be sent to Secretary Herter.¹⁰

⁸ The European Monetary Agreement came into force on January 1, 1959, replacing the European Payments Union.

⁹ The European Nuclear Energy Agency of the OEEC had responsibility for matters related to the peaceful exploitation of nuclear technology.

¹⁰ Not found.

The Foreign Minister said he assumed that the matter would be discussed with the British and Germans before it was raised with the Heads of Government meeting. Mr. Dillon said this would certainly be necessary. He did not think any difficulty would arise.

90. Memorandum of Conversation

Paris, December 14, 1959, 10:30 a.m.

PARTICIPANTS

United States

The Under-Secretary
Mr. Lyon
Mr. McBride

France

Prime Minister Debré
M. Contamine, Cabinet of M. Debré

SUBJECT

Problems of Common Market

After expressing pleasure at the success of Mr. Dillon's talks in Europe, Prime Minister Debré indicated that there was one problem in connection with the Common Market which had not been emphasized enough. This was the question of the treatment of agricultural products. From the French economic viewpoint there were two principal factors. One was the achievement of the common external tariff but he did not think this was an insoluble problem and added he knew Couve de Murville had spoken to the Under Secretary along these lines.¹ However, extremely important also is the treatment of agricultural products. He noted that it was understood there would be preferential arrangements for agriculture in the Common Market but indicated difficulties had commenced. He remarked that agricultural importing countries like Germany and the Benelux countries did not want this preferential treatment. He thought in seven or eight months there would be trouble and that the difficulties of obtaining a common agricultural policy would

Source: Department of State, Conference Files: Lot 64 D 560, CF 1547. Confidential. Drafted by McBride and approved by Brewster on December 23. The meeting was held at the Hotel Matignon.

¹ No record of this discussion has been found.

manifest themselves. This in turn might lead to other trouble within the Common Market. He thought this problem had not been discussed enough. As evidence for his viewpoint, Debré cited the recent postponement of the agriculture ministers of the Common Market countries which had been scheduled for The Hague.² He said this session had been postponed because of the sharply differing views of the experts from the six countries who had been meeting.

The Under Secretary said that we understood the need for a preferential zone to some degree but that we hoped it would not be highly preferential and above all that it could be achieved without the use of quotas. He added this preferential zone should not appear to be a step backward towards protectionism, or lead to too great a preference. He added we well recognized that agriculture was a special problem and the most difficult issue in these questions. He noted we had the same problem in the United States and referred to our arrangements with the GATT for agricultural products. Therefore, he concluded, it was not surprising that France should have this issue, but we hoped that she would surmount it. Debré indicated he thought the problem was not insuperable.

Debré referred to Secretary Dillon's conversations with Couve de Murville and expressed the hope that a solution to the European trade difficulty might be found through the OEEC or some parallel organization. Mr. Dillon said this was an important decision for us but that we now believe we should undertake greater responsibilities in this field. He added that our primary interest was in preventing a political scission in Europe. The principal problem was the relationship with the United Kingdom, and we wished to prevent a split between the British and the Common Market countries.

Debré said he did not believe we had any difference in appreciation of the world trade problem, but added that it was nonetheless a difficult one. In this context he mentioned the marketing of Sahara oil. Mr. Dillon replied that preferential treatment for Sahara oil was not required. He referred to recent conversations which he had held with representatives of the U.S. oil companies and said they were perfectly willing to purchase quantities of oil coming from the Sahara.³ No special regime was needed, he added. Debré did not disagree with the Under Secretary's

² This meeting has not been further identified.

³ Representatives of the Gulf Oil Corporation met with Department of State officials for discussions on French proposals for preferential treatment of Sahara crude oil by the EEC on October 21. A memorandum of the conversation is in Department of State, Central Files, 840.00/10-2159. Standard Oil of New Jersey representatives discussed the same subject with Department of State officials on November 10. A memorandum of that conversation is *ibid.*, 840.00/11-1059.

views, but simply said he had noted that Mr. Dillon had held discussions in Brussels on this problem.

In conclusion, Debré, who was calm and friendly, said that he was glad to see Mr. Dillon, who was an old friend, again. He noted that they had sometimes had differences of opinion when Mr. Dillon was Ambassador, but that the latter had always listened to him. Debré did not appear unduly tired for the strain of his recent trip to Senegal, his visit to Fréjus, etc.

91. Memorandum of Discussion at the 429th Meeting of the National Security Council

December 16, 1959.

[Here follow a paragraph listing the participants at the meeting and agenda items 1–2. Vice President Nixon presided at the meeting.]

3. *Relations Between the Common Market Area and the Outer Seven Countries*

Mr. Gray noted that Secretary Dillon had recently returned from a whirlwind trip to Europe and asked whether Mr. Dillon would care to brief the Council on his trip.

Secretary Dillon reported that he had felt it worthwhile to make the trip because differences of opinion were building up between the two trade groups—the Common Market and the Outer Seven. These differences of opinion involved danger to the western alliance, as well as the purely economic danger that as the problem became more serious the Europeans would decide that the best way to settle it would be to conclude bilateral deals discriminating against the U.S. The difference of opinion was a serious split and was extremely complex. Last year the U.K. had emphasized economic problems, but was now relaxed so far as economics was concerned and was taking the attitude that the Common Market was a political means of tying Germany and Italy to France. The U.K. was arguing that growing political ties among the Common Market countries would lead to a split in Europe. British policy is probably

based on a distaste for a rising continental bloc, but the British do not know what to do. According to the Germans,¹ the U.K. has threatened Germany with serious military and political consequences. Lloyd practically repeated these threats to the Secretary.² The U.K. has related British forces on the continent to this problem. The smaller countries among the Outer Seven are concerned about economic matters and want to do something because their trade is largely with the Six. Within the Common Market, there is a similar split in that Germany sees the problem as a political one and wishes to push the Common Market and not submerge it in a wider group. The Six are not prepared to accept a wider free trade area, while the U.K. is not prepared to join the Common Market. Some way must be found to compromise these differences. We think it is best to lower tariffs of the Common Market and use the most-favored-nation principle. It is important to us that the political split not continue and that there be no discriminatory deals against us. Secretary Dillon reported he had told the Europeans we were interested in this problem and were willing to take an active part in it. He thought the Summit Meeting might devise a mechanism for "talking out" the problem. During his trip he discovered that the danger of discrimination against the U.S. was more real than any of the European countries would admit publicly. The U.K., for example, had already put forward a suggestion for such discrimination. Secretary Dillon said he had also talked with the Germans about assistance to underdeveloped countries and the Germans had agreed they could do more. Germany felt that more coordination and discussion were required, not for the purpose of allocating amounts, but for the purpose of arriving at general patterns and mobilizing resources. Secretary Dillon reported that discriminations against the dollar are being further relaxed in Europe. France is undertaking a new action to ease such discriminations, while Britain will take similar actions in January and again in July.

Summarizing, Secretary Dillon said the main result of his trip had been to elicit a welcome on the part of the European countries to the idea of an active U.S. role in connection with relations between the Common Market and the Outer Seven. All countries realized they were treading on dangerous ground. It was his feeling that continued discussion might result in finding a way out of the difficulties without serious repercussions. However, this problem was an emotional matter so far as the British were concerned. Mr. Dillon regarded the fact that he was able to see all the more important officials during this trip to Europe as an indication of how deeply the European countries felt about the problem.

¹ See Document 85.

² See Document 81.

Mr. Allen inquired about the attitude of Canada on this matter. Secretary Dillon said he had wanted to talk to the Canadians before undertaking his trip, but after first accepting an invitation to consult, the Canadians had declined to talk, probably because they felt the U.K. might think the U.S. was talking for Canada.

The Vice President asked whether Secretary Dillon had noted any reactions to the President's trip.³ Secretary Dillon said the President's trip received a big play in the European press and on his trip all the officials he had talked to had mentioned it.

Mr. McCone asked whether the Germans had indicated their views on the question of whether the proceeds of any assistance they extended to underdeveloped nations should be expended in Germany. Mr. Dillon said the Germans would probably insist on provision of aid partly on the basis of expenditures of the proceeds in Germany. The Germans were particularly interested in assisting Greece and Turkey and were willing to help with military assistance as well as economic aid. He reported incidentally that the Germans had offered to pay back to the U.S. ahead of time \$200 million on GARIOA. We were not as keen about accepting this offer as we were about getting a German commitment to extend assistance to the underdeveloped countries.

Mr. Gray felt it was nonsense for the U.K. to relate British forces on the continent to the problem of the Common Market and the Outer Seven. Secretary Dillon said the British were insisting on a purely political basis that the countries concerned meet the British point of view.

Mr. Dulles asked whether the OEEC was defunct. Secretary Dillon said the OEEC was not defunct, but was identified as a U.K. tool, with a U.K. Secretary-General and a U.K. Chairman. It had lost some of its usefulness in the field after a controversy last year. The OEEC might perhaps be re-organized with a different cast of characters. The British gave some indication they might agree to such a re-organization.

*The National Security Council:*⁴

Noted and discussed a briefing by the Acting Secretary of State on his recent trip to discuss the subject with the Governments concerned.

[Here follow the remaining agenda items.]

Marion W. Boggs

³ Eisenhower's 11-nation good will tour December 3–23.

⁴ The following paragraph constitutes NSC Action No. 2165, approved by the President on December 23. (Department of State, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council)

92. Editorial Note

President Eisenhower, President de Gaulle, Prime Minister Macmillan, and Chancellor Adenauer met in Paris December 19–21 for discussions on a proposed summit conference between the United States, United Kingdom, France, and the Soviet Union. During a meeting on the afternoon of December 19, de Gaulle initiated discussion on means to improve economic cooperation among the Western states. The portion of the memorandum of conversation concerning this discussion is printed as Document 93.

On December 21, the four Heads of Government issued a "Special Communiqué on the Economic Situation," calling for increased assistance from the industrialized states to the less developed nations together with the pursuit of trade policies which would contribute to economic growth and the improvement of the standard of living for the world's population. In order to achieve these objectives, the Western leaders "suggested" an "informal" meeting of the member and associated states of the OEEC take place in the "near future." For text of the communiqué, see Department of State *Bulletin*, January 11, 1960, page 43.

93. Memorandum of Conversation

Paris, December 19, 1959, 4–5 p.m.

MEETING OF HEADS OF GOVERNMENT

Paris, December 19–21, 1959

PARTICIPANTS

United States

The President
Secretary of State Herter
Under Secretary Merchant

United Kingdom

Prime Minister Macmillan
Foreign Secretary Lloyd
Under Secretary Hoyer-Millar
Accompanied by senior aides and
interpreters

France

President de Gaulle
Prime Minister Debre
For. Min. Couve de Murville

Germany

Chancellor Adenauer
Foreign Min. von Brentano

SUBJECT

Future Meetings; Aid to Underdeveloped Areas; Disarmament; Arms Controls;
Economic Cooperation

[Here follows discussion of unrelated matters.]

President de Gaulle then referred to the suggestions which the President had made for an improvement of Western cooperation in the handling of economic questions.¹

President Eisenhower said that this was clearly an important problem but that the United States was not seeking the establishment of a new big organizational structure. We had been thinking of using the OEEC expanded to include the United States and Canada and with some provision which would allow Japan to be associated. He said the Soviets saw the question of aid as a field for competition. Consequently, it was important that we get better organized between ourselves before we talk to the Russians on this subject of aid to underdeveloped countries. He went on to point out that the United States had carried a big load in this field to date. He recognized that France and Great Britain

Source: Eisenhower Library, Whitman File, International Meetings. Secret; Limit Distribution. The meeting was held at the Elysée Palace. No drafting information appears on the source text. "Uncleared Memorandum" is typed on the source text.

¹ Eisenhower brought up the subject of improved Western cooperation in economic affairs during the December 19 morning meeting of the four Heads of Government. The memorandum of this discussion is in the Eisenhower Library, Whitman File, International Meetings.

had special interests and special activities in this field in their own Community and Commonwealth, respectively. The United States and Germany were in a position to be more flexible.

President de Gaulle then turned to Chancellor Adenauer and, after addressing him as "my very prosperous friend," asked his views.

Chancellor Adenauer replied: "We are in favor."

Prime Minister Macmillan said that the UK agreed to the use of the OEEC machinery to make a study of what was actually being done and by whom in the field of aid to underdeveloped countries, and then to consider what machinery might be best set up among us. After we have done this, he continued, the big question of principle then arises as to whether we ask the Russians to join.

The President then asked whether we were agreed that the OEEC should be used for this purpose, to which the Prime Minister indicated assent. The President went on to say that he was more negative than his colleagues on the question of their taking this subject up with the Russians. He repeated that the Russians see this as a field of competition rather than as cooperation. However, he said that if we got ourselves well organized, then we might put it up to them.

Secretary Herter added that we do not contemplate the use of the OEEC as such as an operating body in this field. The original convention setting up the OEEC as an instrumentality for the administration of the Marshall Plan contained many provisions which were not applicable today. A number of changes would be required, maybe a new charter of some kind.

Prime Minister Macmillan asked whether the concept was that the OEEC would be the instrument for making the initial studies and that we might then go on to something bigger. The Secretary answered in the affirmative.

The President said he had the suspicion that the examination which would be made would bring out the full extent of the burden which the United States had been carrying, not only with respect to aid to underdeveloped countries but as respects the cost to the United States of maintaining the deterrent force for the Free World. In this connection, he pointed out that the simple percentages of GNP did not really reveal the total burden the country was carrying.

President de Gaulle said that the preparatory work would make the ideas which had been put forward clearer and more precise. [Here follows discussion of unrelated matters.]

94. Letter From the Under Secretary of Agriculture (Morse) to the Under Secretary of State (Dillon)

January 8, 1960.

DEAR MR. DILLON: We have followed with much interest your activity in recent months in spearheading the U.S. drive for trade liberalization. Your efforts are especially appreciated in the Department because Agriculture's stake in the foreign market is important. Having in mind the informal January 14 meeting in Paris on economic problems, we take this opportunity of outlining United States Department of Agriculture views in the hope that they might prove useful to you if an opportunity is presented to further our specific trade policy objectives.

As you know, American agriculture has been a strong supporter of the trade agreements program, despite the continued existence of numerous barriers to trade in farm products. This support has been based largely on assurances that most of these barriers were of a temporary nature and, under the GATT, would disappear when postwar dollar shortages were relieved. Now that this position has been reached in many countries, we are most anxious that exports of agricultural commodities share fully in the advantages of freer, nondiscriminatory trade. If this promise of our trade agreements program is not borne out by performance, we can expect a growing reaction in the form of demands for increased protection of agriculture at home that will be difficult to counter.

Widespread international discussion of trade liberalization in the light of improved economic conditions has served to re-define the issue for many important farm products. Despite public assurances to the contrary by responsible spokesmen, it is becoming increasingly evident that trade restrictions on farm products from the dollar area, formerly justified by balance-of-payments difficulties, actually stem from deep-rooted agricultural protectionism and from national policies of bilateral trade which are not consistent with the spirit and objectives of GATT.

West Germany's reluctance to accelerate its program of liberalization is an outstanding case in point under the GATT. With Article XII no longer applicable, German representatives have been outspoken in their determination to take shelter in plans for a "separate code for agriculture" as, indeed, is also provided (and now being implemented in various plans for regional integration). Other examples of failure to include important agricultural commodities in recently announced liberaliza-

tion moves are afforded by France, Italy, Austria, and Japan. Agricultural commodities are conspicuous by their absence from lists of newly liberalized products.

The tendency has been noted in some quarters to suggest that the United States cannot actively pursue the subject of agricultural protectionism because we, ourselves, are vulnerable. We should not accept this attitude. In your statement to Ministers at the recent GATT session in Tokyo,¹ you pointed out that import restrictions on agricultural commodities in the United States represented only a small percentage of our total agricultural imports. In the same statement, you also recalled the strenuous efforts which have been made to effect necessary adjustments in our domestic farm programs. Progress in this direction has been notable. Finally, the trade benefits we now seek have been bought and paid for by previous concessions and undertakings in the GATT.

Agricultural protectionism is a matter of degree, and that degree is admittedly difficult to measure. But it is not difficult to demonstrate that restriction of agricultural imports into the U.S. has been characterized by judicious use of carefully defined legislative authority. We seek no more than equal treatment from our trading partners.

Another matter of grave concern to the Department is the draft of proposals for EEC Common Agricultural Policy.² You will recall that the original public statement of the United States position on the Common Market³ welcomed its development in the light of "... our long-standing devotion to progress towards freer, nondiscriminatory, multilateral trade. . . ."⁴ The specific proposals now being considered for agriculture in the area are pointed in the opposite direction.

Up to now we have sought comfort from assurances that the generalities dealing with agriculture in the Rome Treaty would be translated into "liberal" or "outward-looking" policies. The draft proposals now in hand for major groups of agricultural commodities, however, seem to combine the restrictive systems now in effect in individual countries by simply adding all into one "common policy" for the area. In most cases, the "lowest common denominator" is found in the most restrictive system. Thus, for wheat and feed grains, for example, we find the essentials of the tightly controlled West German system imposed on the relatively liberal policies of the Netherlands. Add to this the significant tariff increases (as measured in terms of U.S. trade—not arithmetic averages) proposed for many agricultural commodities in List F, and it is difficult

¹ For text, see Department of State *Bulletin*, November 23, 1959, pp. 739–742.

² Not found.

³ For text, see Department of State *Bulletin*, February 2, 1957, p. 182.

⁴ Ellipses in the source text.

to see how the level of protection will not be substantially increased. The extent to which specific provisions of the agricultural policy will meet the test of GATT remains to be seen. Developments thus far, however, are not reassuring to the agricultural interests of third countries in general, and of the United States in particular, whatever the political advantages might be.

Finally, we are deeply concerned about the additional problems that are being created by the fact that countries outside the Common Market are seeking bilateral accommodation with countries inside in order to lessen the impact upon them of the preferential regime that is beginning to take shape within the Common Market area. This fear, of course, also applies to any possible deals that might be in the offing as between the Common Market as such and the Outer Seven as such.

The foregoing views are brought to your attention for such use as you may be able to make of them in your discussions. We wish you well in your quest for further trade liberalization and seek to enjoy its benefits. Only in this way can a reciprocal trade program have real meaning for American agriculture.⁵

Sincerely yours,

True D. Morse⁶

⁵ Beale replied to Morse's letter on January 22. His reply stressed the commitment of the Department of State to the liberalization of agricultural tariffs by the EEC. (Department of State, EUR/RPE Files: Lot 65 D 265, Agriculture)

⁶ Printed from a copy that bears this typed signature.

95. Editorial Note

On January 12–13, the Special Economic Committee, created in response to the December 21, 1959, Heads of Government declaration on economic development, met in Paris. The dates were chosen because they immediately preceded the already-scheduled Paris meetings of the OEEC and OEEC Council (January 14). The governments and organizations represented at the January 12–13 meeting (the 13 plus group) were: Belgium, Canada, Denmark, France, Germany, Greece, Italy, the Netherlands, Portugal, Sweden, Switzerland, the United Kingdom, the United States, and the EEC Commission. Under Secretary of State C.

Douglas Dillon led the U.S. Delegation to both the meetings of the Special Economic Committee and the OEEC. Dillon flew from Washington to Paris on January 10. On January 11 at 5 p.m., he met with Derick Heathcoat Amory, British Chancellor of the Exchequer, in the British Embassy; see Document 96. On January 12, Dillon met with Belgian Foreign Minister Joseph Luns at 10 a.m. in the U.S. Embassy for discussions on the problems of economic integration; see Document 97. Later that day, Dillon addressed the Special Economic Committee, outlining U.S. proposals for the reorganization of the OEEC. For text of his address, see Department of State *Bulletin*, February 1, 1960, pages 140–145. For Dillon's report to President Eisenhower on the results of the Special Committee meetings, see Document 98.

The Special Committee passed three resolutions. The first called for a meeting of the member and associate states of the OEEC in Paris on April 19, 1960, to discuss reorganization of the OEEC and appointed a 4-man committee (the Group of Four) to prepare a report recommending changes in the existing OEEC structure. The second resolution noted and encouraged meetings among the "capital exporting countries" for the purpose of promoting aid to underdeveloped nations. The third resolution called for creation of a committee of the 20 OEEC governments to study trade problems. For texts of these resolutions, see Department of State *Bulletin*, February 1, 1960, pages 146–147. W. Randolph Burgess, Permanent Representative to the North Atlantic Treaty Organization and European Regional Organizations, was appointed U.S. member of the Group of Four.

On January 14, Dillon attended the meetings of the OEEC. He made a short statement of policy to the general session of the OEEC; for text, see *ibid.*, page 145. For Dillon's report to Eisenhower on the outcome of the OEEC meeting, see Document 99. The Under Secretary returned to the United States on January 16. Documentation on Dillon's trip to Paris, including memoranda of conversation, telegraphic summaries of meetings, and briefing papers and schedules of the Under Secretary's meetings, are in Department of State, Conference Files: Lot 64 D 559, CF 1579–1583.

96. Memorandum of Conversation

MC/1

Paris, January 11, 1960, 5 p.m.

Under Secretary Dillon's Visit to Paris

January 11–16, 1960

PARTICIPANTS

United States

The Under Secretary
Ambassador Burgess
Assistant Secretary of Treasury
Upton
John Leddy
John Tuthill

United Kingdom

Chancellor of the Exchequer
Heathcoat-Amory
Sir Frank Lee
Sir Paul Gore-Booth

SUBJECT

Reorganization of OEEC

The Chancellor opened the meeting by stating that HMG warmly welcomed the American initiative. He stated, however, that the British position would have to reflect the British role in (1) the Commonwealth, (2) the EFTA and (3) the OEEC. Mr. Amory asked about the Wisemen.¹ He stated that in general the small countries would be horrified if they were omitted from any "continuing body" or any body to replace the OEEC. This was particularly true of the Irish.

Mr. Dillon stated that the long range plan was to propose the reorganization of the OEEC in such a way as to allow the U.S. to participate as a full member. The U.S. did not, however, wish to interfere or to participate as a member in any of the purely European operations, such as the European Monetary Agreement, the atomic energy work, etc. These operations could continue as at present under the general umbrella of the OEEC.

Mr. Dillon realized that if the OEEC were to be reorganized, all of the twenty OEEC governments must participate in the reorganization. In this area, the "13 plus" group has only the role to make recommendations to the twenty governments. Mr. Dillon noted the concern of some

Source: Department of State, Conference Files: Lot 64 D 559, CF 1583. Limited Official Use. Drafted by Tuthill on January 13 and approved by Brewster. The meeting was held at the British Embassy.

¹Reference is to initial U.S. proposals that a preparatory working group of three study the reorganization of the OEEC. A similar group of three, known as the "Wise Men," prepared the studies that led to the creation of EURATOM.

of the small countries that the small study group might go too far. Accordingly, he had refined his proposal. He favored a meeting of the officials of the twenty governments "sometime in the Spring" to consider this task. In order to facilitate their work, they would need certain working documents. These could be prepared by the small working group. The documents could then be considered by the officials of the twenty governments and conclusions turned over to the Ministers to settle any remaining disagreements. He felt it might be less rigid if the working group reported to officials rather than directly to Ministers.

Mr. Amory stated that this was "a great advance" over the earlier form of the proposal.

Mr. Dillon stated that he hoped that the twenty governments on Thursday would approve the plan to explore the possibilities. He felt it important to have the approval of the twenty governments rather than that of the OEEC Council. He felt that the staff of the OEEC should not conduct the study although the small working group would of course use the staff as well as consult with the twenty governments.

Mr. Amory asked how would the small group be chosen. Mr. Dillon stated a hope that the group would be kept to 3—one from the EFTA, one from the EEC and one from the OEEC countries. As for the last, he hoped that an American would be selected. He felt that if one increased the number above 3, there would no longer be any firm limit to the size of the group.

Mr. Amory agreed that this group should be as small as possible. Mr. Dillon stated that it would mitigate the feeling of the opposition if it was clear that the group would simply report to officials. Mr. Dillon doubted if it would be possible to settle on names at the January 14 meeting.

Sir Frank Lee agreed with Mr. Dillon that it is much easier if the group can be kept to 3.

Sir Paul Gore-Booth stated that the problem of the non-NATO members was also less important if the report went directly to officials.

Mr. Dillon, in reply to a question from Sir Frank Lee, stated that the U.S. government planned to propose Ambassador Burgess as its nominee.

Sir Frank Lee stated that perhaps the EFTA meeting on January 12² could accept the proposal in principle. Sir Paul Gore-Booth stated that the EFTA countries might oppose a meeting of the twenty OEEC governments outside of the OEEC Council.

² The first EFTA Ministerial Meeting took place in Paris on January 12.

Mr. Amory stated that he agreed that one should not use the OEEC staff. He asked what would happen if some countries objected to the proposals.

Mr. Dillon stated that those agreeing could proceed with the understanding that the others could join later if they so desired.

Mr. Amory stated that the Swedes and Swiss were worried about the US proposals.³ Mr. Dillon agreed and stated that they seem to think that there is a scheme against the OEEC and in favor of the 6. He pointed out that the Italians believed there is a plot against the Six and a "sellout" to the British.⁴

Sir Frank Lee asked if the 13 plus group would continue.

Mr. Dillon replied in the negative as to the "Wisemen" operations. On the trade problems, however, the 13 plus group could continue although the US views are not entirely settled on this point. He felt, however, that it would probably be desirable. Mr. Amory agreed. Mr. Dillon stated that as the new organization would probably take approximately 18 months to build, arrangements should be made to "keep talking" during the interim.

Mr. Amory agreed that "somebody must deal with this." (i.e. trade)

Mr. Dillon remarked that some members of the Six are reluctant to start talking on trade. Mr. Amory stated that there is a need for a "restricted group." Twenty is too large and it is necessary to find a formula for a group subordinate to the Twenty. Responding to the suggestion of Mr. Amory, Mr. Dillon again stated the belief that a restricted group was necessary.

Mr. Dillon stated that he felt that it was also advisable to have a restricted group for development aid. This problem was not as pressing as trade. He felt that the countries who participate should be those who are making or will make a contribution over and above their Bank and IDA contribution.

Mr. Amory asked how far Mr. Dillon planned to press this program this week.

Mr. Dillon replied that the aid group should not interfere with the "more important" tasks and could be subordinate either to the 13 or the 20.

³ The Swedish and Swiss Governments had expressed fears that the meeting was called in haste and would damage both the OEEC and EFTA.

⁴ In a January 10 conversation with Dillon in Washington, Carlo Perrone Capano, Italian Chargé, expressed his government's concern that the United States would make large concessions to the British over the EEC in order to achieve unanimity on other issues. (Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199)

Mr. Amory stated that Mr. Dillon's formula made it unnecessary for the 13 to specify which countries would participate. He hoped there was a way to get the main creditor countries together without "nominating" them.

Ambassador Burgess stated that this proposal would "muddy the waters." The reorganization of the OEEC is itself a big hurdle.

Mr. Leddy stated that the U.S. government had received little opposition to this proposal from the various Embassies in Washington.

Sir Paul Gore-Booth stated that the Turks say they know about aid—being recipients—and therefore should participate.

Mr. Upton remarked that the OEEC is about to embark on broad studies in this field.

Sir Frank Lee suggested that if the atmosphere is good, an attempt should be made to set up the aid group.

Mr. Amory stated that the problem of Japan was "a bit awkward." Things would be complicated if Japan were brought into a European organization. The complication would be in the field of trade. Mr. Dillon suggested that it was not necessary to cross this bridge today. The group might invite Japan to sit in with it. He felt that the real problem was in the field of trade and asked for Mr. Amory's comments on discussing the problems of Sixes and Sevens under the "13 plus" group.

Mr. Amory was not optimistic concerning starting with the "13 plus." Sir Frank Lee stated that the 13 plus was too large and would not endure. Ambassador Burgess stated that there was "an avalanche of opposition" against the 13 plus and stated that the entire twenty should be used.

Sir Frank Lee recommended a group of 8, 3 from the EFTA, 3 from the EEC, one from the US and one peripheral.

Sir Paul Gore-Booth noted that the Italians wished to use the Contact Committee.

Sir Frank Lee stated that the "13 plus" should not extend beyond this week. It was possible, however, to have a small trade group but one must be arbitrary. A group of 8 might be possible. Sir Frank Lee also asked what the trade group would do and stated the hope that it would not interfere with the Steering Board and GATT.

Mr. Dillon agreed that in the new OEEC the trade group would pass out of existence. Mr. Amory suggested the trade group could work on the "harmonization of tariffs" and the "sector by sector approach." Sir Frank Lee felt that a number of things, short of an ETA, could be done which would "ease things".

Mr. Dillon commented that the Six get concerned if one mentions the planned July 1, 1960 tariff adjustments as being a subject for consideration by the trade group.

Mr. Amory stated that he was “greatly relieved by our talk.” He said, “Now I can see more daylight.” He felt that one should proceed informally.

In answer to a question by Mr. Upton, Mr. Amory stated that trade and aid matters should be referred back to the 20 governments but not to the OEEC. The work must be parallel to, but not mixed up with, the OEEC.

Mr. Amory stated that Australia had asked whether they should ask for participation at the January 12–13 meeting and the British had said no. They stated, however, that the British would keep the Australians informed.

Ambassador Burgess stated that as a result of the NATO meeting the “13 plus” group is dead.⁵ Mr. Amory stated that the 20 governments represent the answer for the peripheral countries. There is no need for unanimity.

In answer to a question, Mr. Dillon stated that there would be no new aid pool. He reminded the others that the U.S. Congress has a constitutional interest in trade and tariffs. The Congress doesn’t trust the Executive Branch and the Executive Branch must not give the impression that it was taking tariff policy away from the Congress. If this impression were given, there would never be Congressional approval. As for the Steering Board,⁶ Mr. Dillon did not mind if they continued on their current type of activities.

⁵ Apparent reference to the NATO Ministerial Meeting of December 15–17 and 22, 1959. The meaning of Burgess’ comment is unclear.

⁶ The Steering Board for Trade, the OEEC body responsible for monitoring tariff regulations of the member states and recommending rules for the improvement of trade relations.

97. Memorandum of Conversation

MC/3

Paris, January 12, 1960, 10 a.m.

Under Secretary Dillon's Visit to Paris

January 11-16, 1960

PARTICIPANTS

United States

The Under Secretary
Ambassador Burgess
Assistant Secretary of Treasury
Upton
Mr. Leddy
Mr. Tuthill

The Netherlands

Foreign Minister Luns

SUBJECT

Reorganization of OEEC

Mr. Luns opened the conversation by saying that he was very happy about the American initiative. While he felt that the time for preparation had been very short he agreed that it was better to take action and to convene the conference.

Mr. Dillon agreed that there was some confusion because of the limited amount of time. He said that there were three American objectives:

First, to modernize and perfect a new mechanism—keeping the best of the OEEC—and opening the way for Canadian and American membership. The new organization must emanate from the 20 OEEC governments. This could be started with a meeting in the Spring of officials of the 20 governments. It would be helpful if the officials started with a working paper which could be prepared by a small group of three men—one from the Common Market, one from the Outer Seven and one from the rest of the OEEC (which we hoped would mean the U.S.).

Mr. Dillon felt that it was better to have a working paper prepared for officials rather than by a report for Ministers. He emphasized that this is not a scheme to do away with the OEEC. However, the report would be to the 20 governments as governments and not to the OEEC Council. He did not wish to have the study made by the OEEC staff.

Source: Department of State, Conference Files: Lot 64 D 559, CF 1583. Limited Official Use. Drafted by Tuthill on January 14 and approved by Brewster. The meeting was held at the U.S. Chancery.

After the report to the officials, a Ministerial meeting would be called to approve the work.

As for the start of the study, if any countries did not wish to participate they did not need to, but there would be no veto. He felt it would take up to 18 months to form a new organization and in the interim there should be trade talks. This represented the second part of the American proposals as we—and presumably the Canadians—would wish to participate in such talks. There was a question as to whether the 13 was the proper forum for these discussions. At any rate, we did not wish to wait 18 months before starting these discussions.

The third American proposal had to do with development aid. We felt that there was need for additional coordination of bilateral aid over and above that made available on a multilateral basis. Such a group should consider structural problems in this field.

Mr. Luns felt that it was a good idea to have the “wisemen” collect the views of all governments. He felt that the OEEC “was not quite up-to-date” but did not favor “killing a lame bird even before the egg is hatched.”

Mr. Dillon agreed that the OEEC should continue its current activities during the interim period.

Mr. Luns stated that a secretariat was needed and that good use should be made of the technical facilities of the OEEC, its buildings, et cetera.

Mr. Dillon stated that the group could decide but that he did not favor having it run by the OEEC.

Mr. Luns stated that he liked the idea of interim talks between the sixes and sevens. He pointed to the tariff proposals of mid-year¹ and favored some “beneficial influence” from the U.S. This would be good for the sixes and sevens and the outside world as well.

¹ Both the EEC and EFTA agreed to reductions in their internal tariffs beginning on July 1, 1960.

98. Telegram From the Embassy in France to the Department of State

Paris, January 14, 1960, 11 a.m.

Secun 3. Following message for the President from the Under Secretary:

"January 14, 1960.

Dear Mr. President:

After a long and tedious session which terminated at 1:20 Thursday morning¹ agreement was obtained in the Special Economic Committee on all the objectives sought by the United States, namely (1) a workable procedure for the reorganization of the OEEC which could lead to full U.S. participation, (2) the establishment of a working committee, including the U.S. and Canada, to discuss the trade problems of the Six and Seven, and (3) the establishment of a small group of capital exporting countries to better coordinate procedures for assistance to less developed countries.

[4 lines of source text not declassified] While the British, led by Heathcoat Amory, were in agreement with our objectives throughout, they apparently found their hands tied by their association with their partners in the Outer Seven. [6 lines of source text not declassified]

Other highlights of the meeting were the restrained and exceedingly capable performance of Couve de Murville for France, the excellent leadership provided by Dutch Foreign Minister Luns (who served as chairman of the meeting), and the effective and full support which we received from the Canadians.

Today the report of the 13 governments on the Special Committee will go before the 20 member governments of OEEC. Some static can be expected from those countries who were not present at our meeting yesterday but if, as I expect, the report of the 13 is approved,² we should be well started down the road to an important long term strengthening of the Western economic position.

Faithfully yours, Douglas Dillon."

Dillon

Source: Department of State, Central Files, 374.800/1-1460. Confidential; Niact.

¹ The second day of meetings of the Special Economic Committee which began on the morning of January 13.

² Reference is to the three resolutions of the Special Economic Committee that were presented to the OEEC Ministerial Meeting and approved; see Document 95.

99. Telegram From the Embassy in France to the Department of State

Paris, January 15, 1960, 11 a.m.

Secun 4. The following message for President from Under Secretary:

"January 15, 1960.

Dear Mr. President: Thank you for your telegram which I very much appreciated.¹ Everything went very smoothly yesterday and the 20 OEEC governments approved all the recommendations of the committee of 13 without change. The spirit of jealousy and petty animosity which had somewhat marred the working sessions of the 13 had completely disappeared.² Instead there was general satisfaction that an important forward step had been taken. Heathcoat Amory, allowed a free hand by his partners in the Outer Seven, presided in a most effective manner.

The essential success of the meeting was due to the fact that even though final solutions are a long way off the Six and the Seven are once more talking with each other and can see a possibility of settling their differences by submerging them in a larger program of cooperation including the U.S. and Canada. All concerned were full of praise for your initiative last December.³

At dinner Amory told me that British had now decided that any early overall solution of Six and Seven problems impossible and that progress can only be made by series of small steps which might gradually reduce area of trade discrimination to acceptable proportions. This has always been our position and is fully acceptable to the Six. Once this concept has been accepted by the more impatient members of the Seven, that is Sweden, Switzerland and Austria, the way will be open for progress towards an eventual solution of this potentially explosive problem.

I found our European friends very reluctant to make any mention of Japan in the resolutions because of the unresolved trade problems between them and Japan. However, the resolution on coordination of aid provides that the group of capital exporting countries can invite other nations to participate in their work. We have unofficial assurances that there will be no objection to our inviting Japan to take part in the work of this group as a full member at its first meeting which we hope will take place in Washington during the latter part of February.

Faithfully yours, Douglas Dillon".

Dillon

Source: Department of State, Central Files, 374.800/1-1560. Confidential; Niact.

¹ In Unsec 8, January 14, Eisenhower congratulated Dillon on the success of the meetings of the Special Economic Committee. The President also inquired why there had been no mention of Japanese participation in the new organization and stressed his interest in Japanese involvement. (*Ibid.*, Conference Files: Lot 64 D 559, Under Secretary's Visit to Paris)

² See Document 98.

³ Reference is to the proposals that Eisenhower made at the Paris Heads of Government Meeting December 19–21, 1959; see Document 93.

100. Memorandum of Conversation

January 19, 1960, 3:30–5:30 p.m.

SUBJECT

European Regional Economic Matters

PARTICIPANTS

Prime Minister Nobusuke Kishi¹
 Foreign Minister Aichihiro Fujiyama
 Ambassador Koichiro Asakai
 Mr. Haruki Mori, Director, American Affairs Bureau, Foreign Ministry
 Mr. Takeshi Yasukawa, Counselor, Japanese Embassy
 Mr. Toshiro Shimanouchi, Counselor, Japanese Embassy
 Secretary of State Christian A. Herter
 Assistant Secretary of State for Far Eastern Affairs, J. Graham Parsons
 Assistant Secretary of Defense John Irwin II
 Ambassador Douglas MacArthur II
 Mr. David M. Bane, Director, Office of Northeast Asian Affairs
 Mr. Richard L. Sneider, Officer-in-Charge, Japanese Affairs

Prime Minister Kishi commented that the Japanese Government feels trade with all countries should develop in the spirit of GATT on a nondiscriminatory basis. It recognizes and appreciates United States actions to prevent trade discrimination. He said that Japan does not wish to see itself excluded from discussions of important international problems involving discriminatory actions.

Secretary Herter described the steps taken by the United States with respect to the problems posed by European trading blocs. He mentioned that Under Secretary Dillon had been in Paris for the past week as a result of discussions which had taken place on this matter during the President's trip to Europe.² During his trip, the President had discussed the problem of the "Sixes" and "Sevens" with Prime Minister Macmillan, President de Gaulle and Chancellor Adenauer. A number of other matters related to trade discrimination were also discussed and, as a result, we had proposed in the Communiqué issued by the Western leaders that a meeting take place in Paris on trade and other economic problems. In addition, the President had mentioned in the State of the Union message the possible formation of a revised OEEC. The Secretary said that at the Paris meeting on January 12–14 they had agreed to form several committees. One of the committees is to consider a reorganized

Source: Department of State, Central Files, 374.800/1–1960. Confidential. Drafted by Sneider. The meeting was held at the Department of State.

¹ Prime Minister Kishi visited Washington January 17–21.

² Reference is to the Paris Heads of Government meeting at which the OECD idea was discussed; see Document 80. Eisenhower visited Paris during his 11-nation good will tour December 3–23, 1959.

OEEC in which Canada and the United States could become full members, since we cannot join the present OEEC due to constitutional problems. There is to be a special committee of four to prepare working documents on the OEEC problem by April 19. He pointed out that the United States hoped to arrange for Japan to associate itself with the successor organization to the OEEC although how such an association would be arranged is not certain. In addition, it was agreed at the Paris meeting that everything should be in the spirit of GATT in an effort to insure non-discriminatory trade. The Secretary emphasized that Japan and the United States had a common interest in non-discrimination in trade and that we wish to keep fully in touch with the Japanese Government on this problem.

Mr. Parsons mentioned that on January 15 a departmental officer had met in Paris with Minister Sato of the Japanese Embassy and briefed him fully on the developments at the Paris meeting. The departmental officer had also mentioned that the United States hoped for Japan to be associated not only with the successor organization to OEEC but with a capital exporting group to be set up. Minister Sato had been provided with copies of Mr. Dillon's statement, the original United States resolutions as well as the final resolutions emerging from the meetings. Ambassador Asakai commented that the Japanese Embassy had received word of the discussions in Paris and very much appreciated them.

Prime Minister Kishi mentioned that at the meeting with the President during the morning³ he had taken up the question of assistance to under-developed areas. He said that during his trip last year to Western Europe,⁴ he had placed considerable importance on discussion of this problem with the European leaders. He found both President de Gaulle and Prime Minister Macmillan particularly interested in development projects in the African area, in view of the efforts by the Soviet Union to push its projects for assistance to under-developed areas. The Prime Minister said that he found himself in full agreement with the European leaders on this question. Japan, at the same time, is particularly interested in Southeast Asia, since it is close to Japan. He mentioned that Japan is attempting to assist its neighbors in Southeast Asia through reparations and other means such as private investment, the extension of long-term credits, and tripartite arrangements with the U.S. such as the Orissa iron ore project. The Prime Minister felt that, in this area,

³The meeting was held at the White House at 11 a.m. While discussing the need for expanded aid to the underdeveloped nations, Eisenhower pointed to Africa as the area in which such aid would be a potent force in stopping Communism. Kishi agreed with the need for such action to deal with Communism. (Department of State, Conference Files: Lot 64 D 559, CF 1586)

⁴Kishi was in Europe July 12–23, 1959, during his July 11–August 10 world tour.

there is a need for the closest liaison, contact and consultation between the United States and Japan not only at the Government level but at the private level. He hoped that both Governments would work to create an atmosphere conducive to the stimulation of private contributions to the development of under-developed areas.

Secretary Herter inquired whether the Prime Minister had discussed with other Government leaders the new International Development Agency.⁵ The Prime Minister said that he had and felt that with the establishment of the International Development Agency there was no need for new organizations or agencies in the field of development. He believed that what is necessary now is to enable the existing agencies to work more effectively by recognizing the need for assistance to under-developed areas and by earnest efforts on the part of all countries. The Secretary agreed that there was no need for new machinery but there was a need for closer consultation to coordinate assistance efforts and establish priorities. He mentioned in this connection that an informal group of capital exporters was set up at the Paris meeting to consider this question and that the United States is proposing to have Japan associated with this group.

⁵ A U.N. agency created on September 24, 1960, concerned with the promotion of economic development among poor nations. Its creation had been proposed by the Board of Governors of the International Bank for Reconstruction and Development at its September 1959 meeting.

101. Editorial Note

On February 3, a special mission to study the European trade situation, in particular the relationships of the EEC and EFTA, left Washington. The mission was headed by John Leddy, Special Assistant to Under Secretary of State Dillon, and Carl D. Corse, Deputy for EEC Affairs at the Mission at the European Communities. The Leddy-Corse mission met with Canadian officials in Ottawa on February 3. On February 5, they held talks with British officials in London. On February 6, they met in Paris with French, Belgian, and Dutch representatives. The Leddy-Corse mission next flew to Bonn where they met with German officials on February 8. They also held talks with representatives of the EEC, Luxembourg, and Belgium. The mission then flew to Rome for talks with the Italian Government on February 10.

The Leddy–Corse mission returned to London on February 11 for further talks with the British and then flew back to Paris where they met on February 12 with Swedish and Norwegian officials. Leddy returned to the United States on February 15. Documentation on the Leddy–Corse mission is in Department of State, Central Files 110.12 and 375.42.

102. Telegram From the Embassy in the United Kingdom to the Department of State

London, February 3, 1960, 5 p.m.

3843. Paris for Embassy & USRO. Luxembourg for Embassy & USEC. Brussels for Embassy & USEC. Paris pass to Leddy and Corse.

1. Following is Embassy appraisal of current British positions and longer-term objectives concerning European trade and organizational problems that may affect negotiations in coming months.

2. In general it appears that Paris meetings accomplished genuine relaxation of tensions and greatly improved U.S. chances of accomplishing at least its short-term objectives. But a misreading of the UK position could result in a sacrifice of these gains.

3. On a number of important points present British position appears to lend genuine support to U.S. objectives. These include:

(a) Apparent willingness to consider generalization of July 1 tariff cuts in exchange for comparable concessions by Six (see Embtels 3770 and 3779).¹ Embassy assumes U.S. in favor of any such arrangement on MFN basis which is acceptable to Seven and Six.

(b) Willingness to bargain directly with Six at GATT tariff negotiations (Embtel 3208).² Nature and extent these negotiations would depend on results of (a).

(c) Recognition that any interim concessions for smoothing differences between Six and Seven must be generalized on MFN basis.

Source: Department of State, Central Files, 375.42/2–360. Confidential. Repeated to the OEEC countries.

¹ Telegram 3770 from London, January 28, reported on British reaction to the proposal of the Benelux nations that the EEC and EFTA generalize the internal tariff reductions scheduled for July 1 and on British negotiating strategy for its forthcoming meeting with EEC representatives. (*Ibid.*, 394.41/1–2860) Telegram 3779 from London, January 29, reported further on British views of the Benelux proposals. (*Ibid.*, 394.41/1–2960)

² In telegram 3208 from London, December 21, 1959, the Embassy reported that while the EFTA had made no decisions on whether to enter into negotiations with the EEC, the British Government was prepared to begin discussions.

(d) Recognition that any over-all solution to problem of Six and Seven would have to conform to GATT and that no such agreement now negotiable.

4. UK ability and willingness to maintain these helpful positions, however, may depend to considerable extent on their estimate of possibility accomplishing certain objectives to which they are deeply committed. These are:

(a) "Ratification and effective operation of EFTA."

Embassy has seen no sign that UK determination to achieve this objective has been weakened or that it could be weakened even by major concrete demonstration of liberalism by EEC.

Aside from serious loss of prestige with public and with partners in Seven if EFTA fails, HMG has positive political and economic stake in its success. They look upon EFTA as means capitalizing on previous acceptance by British public and industry of tariff reductions and closer association with rest of Europe which was developed in anticipation of OEEC-wide FTA. Also consider that EFTA has been and will continue to be invaluable spur to liberal trade policy in EEC. In addition, UK eager to maintain leadership of Seven and in order do this must avoid any impression willingness sacrifice interests of Seven for those of UK.

(b) "Ultimate conclusion of European-wide arrangement."

Despite recognition Six-Seven agreement not now negotiable, UK has not abandoned this long-term objective. We believe British concerned that their currently "relaxed attitude" on this issue may have been misunderstood by U.S. and Six and believe recent Maudling speech New York and Lloyd speech Strasbourg deliberate efforts to dispel any illusions. UK will have to keep European-wide arrangement in forefront of discussions in light passionate interest of its EFTA partners, but Embassy convinced HMG has more basic attachment to this objective. UK sentiment has moved toward closer association with continent on both economic and political grounds. All political parties, industry and general public now support concept of European association and seem to believe that this not inconsistent with continued Commonwealth ties. Main disagreement is over methods; some sections of industry and press, for example, continue to urge UK to join Common Market. Thus movement which may have been originally conceived as tactical device to avoid trade "discrimination" has become major determinant of British foreign policy. In Embassy view it would be serious mistake to underestimate force of UK position with respect to both EFTA and wider association.

Notwithstanding British feeling they obtained adequate assurances, explicit and implicit, from discussions with Under Secretary Dillon that US will not (despite its preferences) take any actions inimical to basic UK objectives, some suspicions remain about US motivation and ultimate goals. These lingering doubts could be turned into conviction and possible loss of US gains by any of following actions by US:

(a) Anything that suggests US hopes or expects Seven will abandon EFTA.

(b) Any effort to persuade UK or others to abandon longer-term objective of European-wide ETA. They would not, of course, so interpret efforts to obtain tariff reductions on global basis (through GATT or otherwise) which are not tied to abandonment of specifically European arrangement.

(c) Any sign that US applies different standards to examination of Rome Treaty and Stockholm convention in GATT. UK believes EFTA is more liberal than EEC from international trade point of view, i.e., it has less adverse impact on trade of outside countries. Our preference for EEC on political grounds recognized by British but they do not consider this element as justification for differential treatment under provisions of GATT. UK officials feel US has until now unduly favored details of Rome Treaty in GATT and therefore welcomed statement by Under Secretary last month that we now are able to take firmer line with Six.

(d) Perhaps less damaging but also potentially dangerous would be any effort to force British to abandon support of efforts rest of Seven may make for obtaining early consideration of broader European agreement. Even though British share our belief concerning negotiating prospects at present, we believe they would be unwilling accept onus for deferring discussion of matter.

In Embassy view, differences between US and UK long-run objectives need not cause clash. We believe that similarity in our present positions is sufficiently close to permit US to achieve its shorter term objectives. But care will be required to avoid jeopardizing this valuable asset. In terms of trade impact, gains to be derived from generalization of July tariff cuts by Six and Seven and British cooperation in subsequent GATT negotiations would greatly outweigh any disadvantage to US trade resulting from implementation of Stockholm convention. Re larger European arrangement, British agreement that this not now negotiable helps avoid possible threat to US trading position in near future. US position also safeguarded by British acceptance our view that any such arrangement must conform to GATT Article XXIV.

Embassy believes it is impossible to say now that establishment larger European arrangement several years hence will necessarily be contrary to US interests. It seems likely that UK will go along with global approach for next eighteen months or two years and reassess situation around mid-1961.

Even if substantial reductions in Common Market external tariff are made in this period, UK may feel, for both political and economic reasons, that it must pursue efforts to obtain European-wide solution. Depending on developments in interim (including US balance-of-payments position), we may also consider closer European economic ties between Six and others in our own interest, both as means strengthening political cohesion of Europe and building greater European prosperity.

Whitney

103. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, February 10, 1960, 5 p.m.

Polto 1562. For USEC. Pass Treasury. Economic Organization. As result meetings during last ten days of Group of Four, hearings of international organizations and informal bilateral—and at times spirited though friendly—conversations with representatives of various OEEC countries, we have arrived at following preliminary views.

A. Consultative Activities of OEC

It is clear that a draft charter for new organization, probably called Organization for Economic Cooperation (OEC), should be prepared by Group of Four. We feel that Preamble of January 28 Department draft charter¹ sets forth the aims in generally satisfactory manner. We feel that charter should emphasize major challenges facing prospective member countries. Approach, as set forth in draft Article 1 of Jan 28 draft charter, is designed to achieve this purpose.

It seems clear that two major types of activity will be: (1) consultation on basic economic and financial policies and (2) general policies regarding aid to less-developed countries. In effect, this means concerting basic policies in Western World not only for internal reasons but also in order to create an improved long-term relationship with vast less-developed areas of free world. Council of an organization so dedicated would, according to Vice-President Rey of EEC, be "economic conscience of free world". Perhaps this over-dramatizes possibilities, but it is clear that high-level, frequent consultation by key policy officials of North American and European governments concerned is required on these problems. These major activities can be carried on almost entirely on a consultative basis. European countries will come to recognize that there is a very limited area of activity that could be called "decision making" in these broad policy fields.

Organizationally, in terms of [garble—draft charter?], it should not be difficult to provide for this broad consultative area. For economic and financial policy it is simply necessary to elevate activities of Economic Policy Committee of OEEC, with US and Canadian participation as full members, to position of major attention by Council. As Wyndham

Source: Department of State, Central Files, 374.800/2-1060. Limited Official Use. Repeated to the OEEC capitals, Tokyo, and Geneva for the U.S. Delegation.

¹ Not found.

White pointed out in his presentation,² external commercial policy must of necessity be included in area for such consultation. Thus trade on a broad policy basis would be part of such consultation.

For aid to less-developed countries, a satisfactory arrangement should also not be difficult, including definition of relationship with Development Assistance Group. It is clear that all members of Council should be kept fully informed and be given a full and adequate opportunity to discuss in Council general policies of the Group. In addition to activities in the development assistance area, there are many present activities of OEEC relating to under-developed areas which should be carried forward in new OEC.

B. "Decision Making" Problems

While we would not expect have any difficulty with European countries on consultative aspect of these—the main significant policy areas—of OEC, we can expect problems in field of remaining activities regarding "decision making" responsibilities unless we interpret our position somewhat more flexibly. Starting with Dillon speech on Jan 12,³ we have attempted to resolve this issue by stating that we would refrain from participation in certain primarily European activities (such as EMA, Nuclear Energy Agency, etc.) in order that these organizations could continue unchanged with their "decision" authority. Unfortunately our statement of position in this connection has resulted in some doubts.

Every European spokesman who has mentioned this subject has stressed desirability of reducing to an absolute minimum any difference in nature of membership of Canada and US on one hand and European countries on other. This position has been supported by other members of Group of Four in terms of desirability of creating a unified and cohesive OEC. Other OEEC countries (Swiss, Swedes, Irish, Italians, Norwegians) have raised informally what they feel is a more fundamental issue. Amongst this Group there are many who have been suspicious, or at least are skeptical, concerning motivation of American proposals. They tend to feel that US has accepted an alleged French position of advocacy for a weak OEC. They feel objective is to do away with a strong "decision making" OEEC and to replace it by mere watered-down consultative group, thus presumably leaving decisions to major powers acting independently of OEC. Our emphasis on consultative aspect of new

² Eric Wyndham White spoke to the Group of Four on February 2. A summary of his statement is in Polto A-445 from Paris, February 6. (Department of State, Central Files, 374.800/2-260)

³ For text of Dillon's speech, see Department of State *Bulletin*, February 1, 1960, pp. 140–145.

organization and our indication of reluctance to participate in "decision making" body has fed these fears. We feel in talks here that we have made some progress in putting this issue into better perspective and believe today that legitimate concern of certain European countries has been considerably reduced. Nevertheless some concern remains on this issue and, as indicated above, others feel in principle that it is highly undesirable to set up a new organization with widely different types of membership and participation.

Accordingly we have asked for and received an OEEC analysis of so-called "decision making" powers of OEEC. As Department is well aware, decisions in OEEC are taken on basis of unanimity with provisions in Article XIV that a noninterested country may disassociate itself entirely from a particular issue without responsibility and without in any way hindering progress of others. There is also the intermediate type of Council action fairly frequently used, which takes the form of a "recommendation" used when one or more members are unwilling to adopt a decision binding them to implementation but are not opposed in principle to the organization taking position concerning subject in question. Nevertheless, considerable myth of "decision making" activity has developed. Europeans have by and large been satisfied with OEEC and believe "decision making" powers an important aspect of success of organization. They would oppose vigorously dropping of all "decision making" responsibilities.

It occurred to us therefore that rather than reading ourselves completely out of all activities which involve "decision making" areas, we should attempt to break the "decision making" areas into two parts: (A) those in which US could participate, and (B) those which should proceed without US participation. We would hope to limit part (B) to those fields in which there are responsibilities that we would not wish to accept or where a reorganization designed to eliminate such features might itself be so disturbing as to be counter-productive (for example our feeling is Articles 13 and 11 of EMA fall into this category). However, we believe there may be other areas where we could safely participate in a so-called "decision making" activity provided there is clear provision for recourse to "not interested" formula and other escape provisions as appropriate. If we can find a way to accept current OEEC formula for at least certain areas (EPA?) we could avoid creation of an unfortunate and perhaps unnecessary distinction between ourselves and other members. We believe European countries would understand why we might not wish to participate in certain activities, but we feel a rigid rejection of any participation in activities beyond those labeled consultative would be a political and psychological mistake.

We will make more specific recommendations shortly on "decision making" as between (A) and (B) above. In meantime, I hope that Wash

position will remain flexible on this point. There is a useful comparison in NATO where power of decision is essential and has not proved embarrassing.

C. Public Relations Aspects

Part B. above is related to another more general point, namely that significance and effectiveness of OEC will be conditioned by manner of its public presentation during next few weeks and months. It is essential that picture emerge of determination Western World (i.e., Atlantic countries) in a dignified association with other parts of free world, to approach cooperatively major problems of present and immediate future. We shall be developing views as we proceed on this question of presentation as we must do our best to have people concentrate on basic objectives rather than specific difficulties.

D. Trade

As indicated above trade must be included in consultation of general economic and financial policies. In addition it is evident that there are some trade developments of a regional nature which are transitional toward a wider multilateral development. Clearly Charter should provide an appropriate frame for such matters. We are as yet unclear as to how code of liberalization should be handled. We feel that resolution of this issue will not become clear until after Trade Committee has made some progress on its substantive work. In any event, we feel that responsibility of Group of Four is primarily on Charter itself and in this connection that Charter must be broad enough to be permissive regarding trade. We would hope that general orientation of Charter would make clear that such matters should be handled, if originally on a regional basis, with a basic orientation towards multilateral approach.

E. European Communities

We feel it essential to find a formula which will permit three European organizations to play an effective role, when appropriate, as a unit representing the six nations. At the same time it is essential that we not put forward a proposal designed to force such a development. The three organizations are asking for membership on OEC Council. We feel that instead they should be offered a participating status which would allow their representatives to discuss issues before Council. They would not however have voting rights except in cases where six governments decide to delegate their voting rights in Council to one of three communities. This delegation would presumably be in special cases where treaties forming communities authorized organizations to speak on behalf of community. In cases of conflict of interpretation, Council would of course have to support member countries, any one of whom could veto use of one of organizations. In event that issue under consideration

involved possible recommendation of Council, the recommendation being passed upon by qualified majority, we would think it appropriate that organization would cast ballot counting as six votes. If it were matter of decision by unanimity, number of votes would of course be of no importance. We assume in addition that communities as appropriate would have participating status, same as on Council, on subordinate organizations as for example EURATOM on the Nuclear Energy Agency.

F. Secretary General

We feel provisionally that Secretary General should also be president of ministerial and permrep Council but that sub-committees should be chaired by nations on a rotating basis. We feel this would give increased stature to Secretary General and at same time encourage appointment of high-level national officials to chair the working [garble—committees?].

G. Other Comments

Country presentations beginning today. In course of these presentations we may of course modify above tentative conclusions. We feel however that at least general lines are now sufficiently clear to allow some firming up on basic approach. We would hope that during meetings with Canadians in Wash on Feb 16 and 17 agreement could be reached on (1) high level consultation on two fields mentioned above, (2) necessity to leave at least some areas in OEC with "decision making" responsibilities subject to all well-known escape clauses. We would also hope that we could settle on role of Secretary General and perhaps on some general views regarding the participation of European communities.

We plan prepare comments on Jan 28 draft Charter to reach Washington by February 15.⁴

Burgess

⁴ In Polto 1576, February 12, Burgess reported that Tuthill would return to Washington on February 13 for discussions on this matter. (Department of State, Central Files, 374.800/2-1260)

104. Memorandum From the Secretary of State's Special Assistant for Disarmament and Atomic Energy Affairs (Farley) to the Under Secretary of State (Dillon)

February 15, 1960.

SUBJECT

Euratom Program Difficulties

The US–Euratom joint nuclear power program is in serious difficulties due to the fact that only one firm reactor proposal was received in response to an invitation calling for reactors to be built by December 31, 1963. In spite of the tremendous efforts of the Euratom Commission, which has exerted great political pressures on governments and utilities, only the Italian SENN project was submitted to the joint reactor board in Brussels. Two others—the AKS German project and the French-Belgian project—remain in a very uncertain state and are still a long way from becoming firm proposals.

The Atomic Energy Commission believed that in the hearings on its general program, which are to take place tomorrow, February 16, it could not avoid giving the Joint Committee on Atomic Energy its recommendations with regard to the program. The AEC also believed that it was not possible to continue with the joint program on exactly the same basis without reference to the dates contained in the authorizing legislation.

The AEC proposed a limited program, in which we concurred, that takes account of the fact that the European utilities have been reluctant to make firm proposals, primarily because of the greatly improved energy situation in Europe. (Tab A)¹ The AEC proposal calls for acceptance of the Italian SENN project under the joint program, the termination of the 1963 phase of the program, the issuance of invitations for two reactor projects authorized for 1965 and continuation of the joint research and development program on a very reduced scale with research only on the SENN type reactor until such time as additional firm reactor proposals are received.

Ambassador Butterworth sent our proposals to Euratom on February 9 and asked for their views prior to the hearings scheduled for the JCAE on February 16. The reply by Euratom President Hirsch (Tab B) obviously reflects both haste and the keen disappointment felt by the

Source: Department of State, EUR/RA Files: Lot 70 D 315, 0.14 EURATOM Projects. No classification marking. Drafted by Hartman and Chapin.

¹ Neither tab was found with the source text.

Euratom Commissioners that our proposals could not have been more forthcoming, particularly in meeting their wishes that the emphasis in our cooperative efforts be directed to a larger extent toward research and development. The AEC and particularly Commissioner Floberg were annoyed and disappointed at the flavor of pique in the Euratom response. AEC felt that Euratom was not making a realistic appraisal of the Congressional problem faced by the AEC in presenting the results of the joint program and failed to appreciate that AEC was making what it considered to be a maximum effort. Both letters were sent by the AEC today to the JCAE.

Recommendation:

I am informing you of these developments because there is a distinct possibility that during the hearings tomorrow this difference of view with Euratom will come out into the open and perhaps also be accompanied by criticism of Euratom by Joint Committee members. I think also that one of the results of the Euratom letter may have been to cool to a considerable extent Commissioner Floberg's enthusiasm for the joint program and this may very well be reflected in these hearings. EUR and S/AE may therefore wish to call on you in the next day or two to put in a word of reason in what promises to be a very difficult situation.²

² A February 18 letter from Farley to Butterworth reported:

"The hearings yesterday brought far less questioning about Euratom than we expected. Anderson and Holifield took a few opportunities during Floberg's testimony to say 'I told you so'. Anderson also inquired whether it would be possible to use money earmarked for the Joint Program to assist the domestic industry, and mentioned not only the R & D money, but also the fuel guarantees and the EX-IM loan. Floberg did not take advantage of this questioning to suggest we might consider using this money for a cooperative research program with Euratom, but he was in no mood to invite trouble with the Committee by making new suggestions at this time.

"We think that Floberg had a relatively easy time of it yesterday only because his testimony made no attempt to conceal the fact that the response to the reactor invitation had been very disappointing." (Department of State, EUR/RPE Files: Lot 70 D 315, EURATOM Projects)

105. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, February 20, 1960, 11 p.m.

Polto 1647. Brussels for BUSEC. Department pass Treasury. Dillon and Anderson from Burgess. Subject: Economic Organization. As a result of reactions from various hearings before group of four, we have become increasingly concerned regarding developments pertaining to Development Assistance Group (DAG) as they relate to role and functions of a new economic organization (OEC).

Dillon in his statement of January 12¹ stated that it would probably take 18 months to form a successor organization to OEEC. Accordingly, he proposed "in the meantime" such a group as DAG which "should operate in an informal manner" and which "would not require any special international staff." Instead, as Dillon suggested, it "could make effective use of certain studies which might be carried out by the staff of the OEEC."

Dillon suggested that group should deal specifically with bilateral long-term assistance and developed thesis that this was the only appropriate task of a creditors group. Further, Dillon responded to Zorlu's² concern re creditors group by stressing "particular rather limited job" of DAG.

Recently we have noted London's 4066 to Department repeated Paris 688, Brussels 133,³ in which the British are reported as favoring a staff and establishment of group on a "permanent" basis.

We note that London Embassy supported this position. See also paragraph 2 Brussels Ecbus 499 to Department repeated Paris 151, London 101⁴ in which reference is made to DAG "as probably having continuing distinct existence."

Source: Department of State, Central Files, 374.800/2-2060. Limited Official Use. Repeated to London, Brussels, Rome, Tokyo, Ottawa, Bern, Lisbon, Athens, and Ankara.

¹ For text of the statement, see Department of State *Bulletin*, February 1, 1960, pp. 140–145.

² A memorandum of Dillon's conversation with Turkish Foreign Minister Fatin Rustu Zorlu in Paris, January 15, is in Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199.

³ Telegram 4066 from London, February 17, reported on discussions with representatives of the British Treasury on the organization of the DAG.

⁴ Ecbus 499 from Brussels, February 19, reported on discussions with Robert Faniel of the EEC's External Affairs Department on Japanese participation in OECD activities. (Department of State, Central Files, 398.00-WA/2-1960)

We believe there are strong reasons for adhering to original concept and avoiding implications of permanent distinct organization with its own Secretariat.

In first place we call attention to stress by Turks, Greeks and others on undesirable international implications of permanent, separate creditors group which they called "capitalist club," and which would give Communists fertile issue for exploitation and arouse opposition of debtor countries.

Also in considering new look for new OEC we are struck with fact that of subjects discussed in January 12-13 meetings aid for less developed countries was only new task. We have noted Wormser's recent remarks to effect that without proper function in this field new OEC will have little attraction. More fundamentally, we feel strongly that, in effort to maintain outward-looking orientation of OEC, it is essential that it be given effective role in this area as originally contemplated.

Therefore we feel that it is essential to avoid firming up DAG on permanent basis with only vague relationship to the successor organization. The new OEC should provide the permanent roof for DAG.

In addition, establishment of some such relationship would provide a frame in which help could be obtained from European countries not now in DAG which are well able to contribute (such as Switzerland, Sweden, etc.). If DAG becomes firmly established on permanent basis outside of new OEC, this will serve to let these various European countries off the hook.

Admittedly there is a difficult interim problem if indeed it takes 18 months to ratify new convention. Hope we could find some way to shorten this period for practical purposes to keep organization from drying up. At any rate we feel it essential to find an interim working arrangement between DAG and OEEC once agreement has been reached re prospective functions and charter of new OEC. In this manner we would avoid loss of momentum gained at January meeting.

[1 paragraph (7-1/2 lines of source text) not declassified]

Tuthill and I hope State and Treasury will take account of these suggestions in arrangements and public posture as to March meeting of DAG.

Burgess

106. Memorandum From Secretary of State Herter to President Eisenhower

February 21, 1960.

SUBJECT

European Economic Problems

I thought you would be interested in steps we have taken subsequent to the economic meetings which Doug Dillon attended in Paris in January. I therefore enclose a summary and status report of each of the three general topics considered at those meetings: Trade Problems, Reconstitution of the OEEC, and the Development Assistance Group.

Christian A. Herter¹

Enclosure 1²

EUROPEAN TRADE PROBLEMS

We have just completed preliminary consultations with a number of European countries and Canada about the work of the Trade Committee of 21, which was set up as a result of the Paris meetings on January 13 and 14, based on the special communiqué issued at the close of the Western Summit Meeting on December 21, 1959.

As you recall, our purpose in proposing the establishment of the Trade Committee was to help let out some of the political heat engendered by the efforts of the UK, Sweden, Switzerland and other countries belonging to the European Free Trade Association (EFTA—the Seven) to press the European Economic Community (Common Market—the Six) to join in a European-wide Free Trade Area. The French, Germans and Italians have felt that moves toward a European-wide Free Trade Area at any early date would jeopardize both the movement for economic unification of the Six and the overriding political objective of achieving a permanent Franco-German rapprochement. Therefore, the Six strongly oppose any action leading in this direction.

Source: Department of State, Central Files, 374.800/2–2160. Official Use Only. A notation on the source text reads: "Hand carried by Sec. on SA trip 2/27/60." Eisenhower and Herter visited Brazil, Argentina, Chile, and Uruguay February 23–March 3.

¹ Printed from a copy that bears this stamped signature.

² Official Use Only. Prepared in the Department of State.

While the UK still hopes for a European-wide Free Trade Area as an eventual solution, they are now in agreement with us that it would not be advisable to press this concept now, but rather to concentrate on practical action to ease difficulties in trade between the two groupings and between both groupings and countries who are not members of either group. We are hopeful also that the British and ourselves will be able to restrain the more extreme elements in the EFTA, represented by the Swedes and the Swiss, whose natural desire is to press for perfect but impractical solutions as rapidly as possible.

The immediate problem is to decide what actions will be taken by the European Economic Community (EEC) and the European Free Trade Association on July 1, 1960. On that date the members of the EEC are scheduled to reduce their tariffs among themselves by 10% (without extending these reductions to others) and the members of the EFTA are scheduled to cut their tariffs by 20% among themselves (also without extending these reductions to others).

In our consultations we have sought to determine whether the six EEC countries would be prepared to reduce the over-all level of the common external tariff of the EEC, thus assuring a more liberal policy by the Common Market and opening up the prospect of larger trading opportunities for the rest of the world. We have also sought in our consultations to suggest that if the EEC should take such liberalizing action at this time, those countries of the EFTA having relatively high tariffs, i.e., the UK and Austria, should make some comparable reciprocal concessions. If these two groups do in fact take liberalizing actions of this character on July 1, they will expect the United States to take their action into account in preparing its position for the forthcoming tariff negotiations under GATT which are scheduled for late 1960–61 pursuant to the Reciprocal Trade Agreements Act.

As a result of our consultations, we are encouraged to believe that the EEC (the Six) will give serious consideration to an across-the-board tariff reduction of Common Market tariff rates subject to suitable reciprocity from the EFTA (the Seven). We are in considerable doubt, however, as to how this liberalizing offer, if made by the EEC, would be received by the UK and other countries of the EFTA so long as they continue to hope for the eventual realization of a strictly European solution such as the Europe-wide Free Trade Area.

It is important that if the EEC is prepared to offer the world an across-the-board tariff cut of the Common Market tariff by as much as 20% the US should be in a position to promptly lend its support to such a proposal. During the next few weeks, therefore, the Department of State will consult with other agencies with a view to developing a responsive US position consistent with our trade agreement procedures.

Enclosure 2³**RECONSTITUTION OF THE OEEC**

The eighteen OEEC Governments, Canada and the United States agreed on January 14, 1960 to appoint a Group of Four to examine the reconstitution of the OEEC in the light of possible Canadian and US membership in a new organization. The Group of Four, which has been established in Paris with American, British, French and Greek membership, plans to complete its hearings with the twenty Governments and interested international organizations in February and to make a report to the twenty Governments by early April. This report will be considered by representatives of the twenty Governments and the European Communities on April 21. Subsequently, a ministerial meeting will be held in an attempt to obtain agreement on a new charter before this summer. We hope to obtain agreement on a charter which will enable the US and Canada to become full members. This will require Congressional action, probably a majority vote by both Houses of Congress. It is expected that time will not permit the submission of the proposal to the current Congress and that the first opportunity will be in January, 1961. Thus, the organization will probably not be operative before mid-1961.

At the Paris meetings thus far most of the interested international organizations have appeared plus representatives of Belgium, France and Britain. It is clear that the enthusiastic first reaction to the initiative of the US in mid-December is unchanged. The only major concern on the part of the European members of the OEEC has been that we might be proposing a relatively weak organization. This reaction is derived from our stress on the consultative aspect of the new organization and our initial view that the new organization's powers should be limited to making recommendations.

The present OEEC makes "decisions" with three significant escape provisions: 1) decisions are reached on the basis of unanimity; 2) any country can indicate that it is "not interested" in a particular subject, in which case, such country is not bound by the "decision" which becomes applicable only to those member countries participating; and 3) the rules of procedure provide that Governments shall implement "decisions" after "appropriate constitutional procedure has been followed." These escape provisions were included in the charter of the OEEC in order to facilitate the membership of the Swiss, Swedes and certain other European countries who were reluctant to take on international obligations without appropriate and definite escape provisions. The experience of the past twelve years indicates that the correct balance was

³ Official Use Only. Prepared in the Department of State.

struck: the organization has been effective and Governments have given up none of their sovereignty.

It is our intention to consult with other interested agencies of the government and with key members of the Congress in the immediate future with a view towards obtaining agreement on some form of "decision" making power for the new organization that would satisfy the desires of the European countries and at the same time preserve our freedom of action.

There has been general agreement during the hearings of the Group of Four that the new organization should only have a limited role in the field of trade because there is no longer the need or justification for the regional discrimination which was permitted during the early days of the Marshall Plan. One of its main functions will be discussions of general matters of economic policy. It is also generally agreed that the Development Assistance Group, which will consult about questions of aid to the less-developed countries, should become part of the new organization but should have considerable de facto independence. It is our hope that Japan will be associated in the development assistance and possibly certain other activities of a reconstituted OEEC.

Enclosure 3⁴

DEVELOPMENT ASSISTANCE GROUP

At the January meeting in Paris dealing with the proposed reorganization of the OEEC, a resolution was adopted providing that eight countries—Belgium, Canada, France, Germany, Italy, Portugal, the UK and the US—and the Commission of the European Economic Community should form an informal Development Assistance Group to discuss among themselves an expansion of the flow of long-term capital funds to under-developed areas, and means for considering the efforts of the various leaders to improve the usefulness of their funds to the recipient countries. In pursuance of this resolution, the US has suggested that the first meeting of the Group take place in Washington during the second week of March, probably March 9–11. The US also has suggested that the Group should meet privately and informally so that there could be a frank and free exchange of views and ideas on how to increase the flow of development assistance to less-developed areas and how to make

⁴ Official Use Only. Prepared in the Department of State.

such assistance more effective. The suggested agenda for the first meeting concentrates on the presentation by the IBRD of its policies and practices, a discussion of the plans of each member to expand its activities in this field, and a discussion of the means for better coordination of country and international programs.

The response by the other member countries to the US proposals has been favorable and the meeting is expected to take place along the lines suggested by the US. We hope that, before the first meeting, agreement can be reached on a US proposal to add Japan to the Group. We also hope that subsequent meetings may be held at intervals of 3-4 months in the capitals of countries with the greatest potential for expanding their aid so that attention can be focused on the adequacy of the plans of each of them in turn.

107. Editorial Note

On March 3, the President of the Commission of the EEC, Walter Hallstein, unveiled a new series of proposals for acceleration of the customs union provisions of the EEC treaty. Included were proposals for the elimination of quotas on trade with non-EEC states by the end of 1961, reduction of tariffs on intra-community trading by 50 percent by December 31, 1961, and the reduction of the EEC common external tariff by 20 percent on July 1, 1960. For text of these proposals, see EEC, Commission, *Recommandations de la Commission en vue de l'Acceleration du Rythme du Traité* (Brussels, 1960). The EEC proposals were made without consultations with the member states. The U.S. Government endorsed the EEC proposals in a Department of State press release of March 4.

108. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, March 3, 1960.

Polto 1723. Pass Treasury. Econorg. Following is text US presentation given Group of Four and being sent informally to individuals in OEEC capitals who presented views their governments to Group of Four.¹ Copy also sent Rey.

Consider it important restrict circulation this document to avoid as far as possible comparison between US reply and report Group of Four which may be made later by public with emphasis on differences.

Begin Text.

On March 1, United States Representatives presented their views on the reconstitution of the OEEC to facilitate the work of the Group of Four appointed under the resolution of January 14, 1960. The following confidential memorandum was submitted to the Group after the oral presentation.

My government believes that it is necessary to improve and strengthen economic consultation and cooperation on the basis of the Paris resolution of January 14, 1960. To help accomplish this objective, we think there should be established a reconstituted OEEC which could deal with emerging problems from a broader viewpoint and in which the United States and Canada could become full members.

The OEEC has been an outstanding success. Its major objectives have been largely realized. Western European economies have recovered and expanded. Trade restrictions have been reduced substantially and the movement of goods and services has increased greatly. Currencies of most of the member countries have become externally convertible. Valuable habits of economic cooperation have been firmly established. These habits of cooperation should be strengthened and extended to meet the new challenges which are emerging. It has become increasingly apparent that major action in the economic field by our governments has repercussions not only among ourselves but on a world-wide basis as well. We have become more interdependent, but at

Source: Department of State, Central Files, 374.800/3-360. Unclassified; Priority.

¹ The text presented by Burgess was a revision of a draft transmitted to USRO in Topol 1669, February 26. (*Ibid.*, 374.800/2-2660). In Polto 1695, February 27, Burgess suggested modifications to the wording of this draft. (*Ibid.*, 374.800/2-2760) After a study of these recommendations in the Department of State, instructions for final revisions of the text were sent to USRO in Topol 1679, February 29. (*Ibid.*, 374.800/2-2960)

the same time what is done among ourselves has become of ever greater importance to other countries in the world.

As we take steps to improve economic cooperation among ourselves we must constantly be aware of the impact our actions will have elsewhere in the world. In considering policies pertaining to ourselves, we should bear fully in mind our world-wide obligations and responsibilities.

We think that the primary purpose of a reconstituted OEEC should be to encourage member countries to adopt policies designed:

(a) To facilitate attainment of the highest sustainable level of growth while maintaining financial stability and thus contribute to development of the world economy and promotion of world trade on a multilateral, non-discriminatory basis.

(b) To contribute to sound economic growth in nations and areas in process of economic development by appropriate means, including encouragement of the flow of development capital to these areas.

Our views on what should be done on a continuing basis in connection with these major objectives are as follows:

(A) The economies of member countries have become increasingly interdependent. Economic policy decisions by member governments are more likely to have repercussions in other member countries and elsewhere in the world than previously. Consequently, we believe there is a need for regular consultation among member countries on economic policies to maintain economic growth and financial stability. Realization of these objectives would contribute greatly to satisfactory development of the world economy. Accordingly, we think that the OEEC practice of maintaining a continuous review of the economic and financial situation of member countries should be continued and strengthened. There should also be periodic consultation about measures being taken by members to facilitate attainment of economic growth and financial stability.

(B) With respect to trade, we believe the orientation of the new organization should reflect the removal of justification for discrimination following achievement by most of the countries of external payments convertibility and the generally recognized need to take more fully into account the trade problems of non-member countries. General trade policies will be included as appropriate among the subjects which will be discussed in relation to general economic policies. Furthermore, there will be special or transitional trade problems which could properly be considered by the regional organization within the context of multilateral objectives.

We feel that the new organization should not infringe on the functions of GATT or be used in any way to support trade discrimination. We have given consideration to the question as to whether the OEEC

code of liberalization should remain in force. The code has played a major role in reducing trade barriers of members. The code has achieved its major objectives, and emphasis should increasingly be on wide application of liberalization. We suggest an examination of the code to ascertain which, if any, of its provisions should be continued. Such an examination might well take place in the period between agreement on the convention of the new organization and establishment of the organization.

At the same time, we think it might be useful to examine the code of capital movements and to consider whether an amended version of the present code calling for liberalization of capital movements on a world-wide rather than a regional basis might usefully be adopted by the new organization.

Also, we regard it as essential that members of the new organization, during the process of consultation on trade policies, keep fully in mind the interests of non-member countries, particularly those of less-developed countries, and the importance of expanding markets for their exports.

(C) In keeping with our basic conception stated above of an organization evolving from our successful cooperation in the past and modified so as to make it more outward looking, my government believes that the organization should have as developed countries and areas of the world. [*sic*] The new organization should, in particular, foster consultation and facilitate coordination among member countries and organizations in a position to make available a significant flow of long-term development funds in order to encourage provision of bilateral assistance to less-developed areas. In this connection, what is needed, in our view, is a consultative forum for frank discussion and informal confrontations about the best means to increase the magnitude and improve the nature of assistance extended by them to less-developed countries.

(D) At the outset, we think the tasks of the organization should be centered primarily on the above major objectives. We believe, however, that certain other functions of the OEEC, particularly in scientific and energy fields, should be continued and perhaps expanded. We realize that there may be other activities which the present members of OEEC may wish to continue. We would, of course be prepared to consider carefully any proposal in this regard. The extent of the proposed activities would be conditioned by arrangements of financing which will need to be developed at a later stage.

My government hopes that all 20 governments party to the Paris resolution of January 14, 1960 will become members of the new organization. We also consider that appropriate arrangement should be made for the participation of the European Communities in the organization. In our view the convention establishing the new organization should be as simple, general and flexible as possible. A convention of this nature

would allow the organization to develop and adjust in accordance with the changing nature of the problems which face members.

One of the key questions to be decided is that of whether the reconstituted OEEC should be limited to making recommendations or whether, as in the present OEEC, it should be able to make decisions. In our view, the difference may be more one of form than of substance, presumably a responsible government would not agree to a recommendation which it was not prepared to attempt to implement. However, since a number of governments have expressed the desire to retain some form of decision-making power in the organization, in the light of the experience of the past decade, my government is carefully studying the feasibility of accepting provisions along the lines of the present OEEC formula, with its multiple escape clauses, or some modification of it.

It should be recognized that the United States could not partake in any decision committing the United States that involved a matter on which its legislative branch would be required to act. Thus, we have not yet arrived at a final position on this matter, but will try to do within the near future.

Action to invite any non-signatory country or organization to accede to the convention should be reached by unanimous agreement of all members.

However, we think that it should be agreed that members may act by a qualified majority to invite non-member countries or organizations to associate themselves with selected activities of the organization. In our opinion, a council composed of all the members should be the body from which all formal actions in the name of the organization derive. We envisage that the council could, as now, meet interchangeably at ministerial level or at senior official level, with representation drawn either from capitals or from permanent delegations, as appropriate.

The council could establish subsidiary bodies for such purposes and under such conditions as the council might determine. At this stage, we envisage a relatively limited number of subsidiary bodies related primarily to the major objectives of the reconstituted organization.

It would seem desirable to establish an Economic Policy Committee designed to fulfill the functions of the OEEC Economic Policy Committee and the OEEC Economic Committee.

This Economic Policy Committee should comprise all members of the organization and should be responsible to the full council. The Economic Policy Committee should meet at senior official level, with representatives from capitals or permanent delegations, as appropriate.

Another major subsidiary body, we believe, should be a Development Assistance Committee composed of those members of the organization which are in a position to make available a significant flow of

long-term funds on a bilateral basis to less-developed areas. In fact we regard it as an essential point that the organization absorb the Development Assistance Group of limited membership which is now being established on an informal and interim basis and which will have its first meeting in Washington shortly. In our opinion, the Development Assistance Committee should keep the council informed of its activities and should obtain council approval of any action which it wished to have adopted in the name of the organization. We think, however, that this limited Development Assistance Committee should be given considerable *de facto* independence, including the right to make recommendations to the governments represented on the committee without prior reference to the council. We also think that provision should be made for countries not members of the organizations to associate with the work of this committee. As you know, we have proposed that Japan be included in the interim Development Assistance Group, and we think it appropriate that Japan continue to be associated with the Development Assistance Committee. In this regard, we do not contemplate Japanese membership in the reconstituted OEEC.

In our opinion, general trade policies and special or transitional regional trade problems can be discussed in the council or in the Economic Policy Committee. We do not envisage the establishment at the outset of subsidiary bodies to discuss trade policies. However, as noted earlier, the council would have authority to establish subsidiary bodies. The establishment of a committee on trade problems is thus not precluded.

To enhance the prestige of the Secretary General and to provide a constant focal point for the work of the council, we think that the Secretary General should act as chairman of the council. (However, we consider that national representatives should act on a rotating basis as chairmen of the subsidiary bodies.) The Secretary General should, of course, be a man of international stature and should be assisted by appropriate staff.

In addition to the above mentioned functions there are certain activities of the OEEC in which we should like to continue our participation if the European countries also conclude that such activities should be continued in the reconstituted organization. Activities which in our present view would be appropriate for the organization and in which we should be interested in maintaining our participation are the following:

(a) We wish to maintain our present degree of association with the European monetary agreement but do not consider it desirable or feasible to accede to the agreement.

(b) We now consider that it would be best to maintain our present degree of association with the European Nuclear Energy Agency but do not think it would be desirable for the United States to become a full member.

(c) In our view, the activities of the Office of Scientific and Technical Personnel should be included in the reconstituted organization. We believe that the organization should also concern itself with common problems pertaining to fundamental and applied research. We should wish to establish a subsidiary body, perhaps called a science committee, to handle these matters.

(d) We believe that the reconstituted organization should concern itself with the type of activities performed by EPA under its chapter pertaining to the underdeveloped countries.

Concerning activities performed by the vertical and most of the horizontal committees of OEEC, we consider that it would normally be sufficient in the new organization if the Secretariat kept under review the main developments in the major sectors and informed the council when significant problems became apparent. The council would then determine whether it would be advisable to call a special ad hoc meeting of technical experts or to handle the matter otherwise. We recognize that there may be some activities, such as energy questions, regarding which arrangements should be made for regular consultation among member countries.

In conclusion, we firmly believe that the contribution to European economic recovery and expansion accomplished by the OEEC and the tradition of economic cooperation which it has established has made it possible for us all to confront our new tasks with confidence. *End Text.*

Burgess

109. Editorial Note

The first meeting of the Development Assistance Group was held in Washington, March 9–11. Japan, Belgium, Canada, France, the Federal Republic of Germany, Italy, Portugal, the EEC, the United Kingdom, and the United States were represented at the meeting. Discussions of the objectives of the group took place. A second meeting of the DAG was held in Bonn July 5–7. The Netherlands joined the DAG for discussions which centered on the forms of credit which the industrialized nations should extend to the underdeveloped states. A third meeting of the DAG took place in Washington October 3–5. Discussions centered around technical assistance for economic development policies and planning, the operations of capital lending institutions, the roles of national and international organizations in providing aid, and the coordination of pre-investment technical assistance activities. The Development Assistance Group became part of the OECD after the conclusion of the convention of December 14. Documentation on the DAG is in Department of State, EUR/RPE Files: Lot 62 D 754, Development Assistance Group.

110. Telegram From the Embassy in the United Kingdom to the Department of State

London, March 24, 1960, 10 a.m.

4657. Re: A. Embtel 4590.¹ B. Embtel 4543.² Since Monday both Heathcoat Amory and Lloyd have made comments to me strongly critical of "US policy of active intervention in lining up support for EEC commission proposal".³ Lloyd expressed strong view that our course could lead to trade war between UK and Germany which in turn might require UK troop withdrawals and could even lead to break-up of NATO. Lloyd said he was sending message to Washington along these lines.⁴

Apparent that views of Amory and Lloyd based on conviction that our action in support commission proposal is inconsistent with their understanding of position taken by Dillon in evening conversation with Amory in January in Paris⁵ in which they believe Dillon to have stated the US would favor solution which would result in minimum discrimination and generalization of reductions. Both Amory and Lloyd hold to conviction that commission plan will increase friction between Six and Seven rather than reduce it. As indicated reftel (B) British had contemplated that neither Six nor Seven would have firm positions at March 29 Trade Committee meeting. Against this background, sharp adverse reaction of Amory and Lloyd was apparently triggered by press reports reftel (A) indicating US took initiative in securing Adenauer endorsement of commission plan and their realization that US now firmly committed to commission proposal.

In subsequent conversation with Beale, March 23, Sir Frank Lee, Joint Permanent Secretary, Treasury, expressed hope that, in spite of emotional reactions to latest developments, trade committee talks would proceed amicably. He confirmed Embassy's earlier estimate (ref-tel B) that British see likely outcome as Six and Seven proceeding on their separate ways on July 1.

Whitney

Source: Department of State, Central Files, 375.800/3-2460. Confidential; Priority. Repeated to Paris.

¹ Telegram 4590 from London, March 21, reported on British press reaction to the March 4 endorsement by the Department of State of the latest Hallstein proposals. (*Ibid.*, 375.42/3-2160)

² Telegram 4543 from London, March 17, reported on informal discussions with British officials on procedural aspects of the trade committee meeting of the OEEC nations. (*Ibid.*, 398.00-PA/3-1760)

³ See Document 107.

⁴ Not further identified.

⁵ See Document 96.

111. Memorandum of Conversation

March 24, 1960.

SUBJECT

Sixes and Sevens—Outer Seven View

PARTICIPANTS

Gunnar Jarring, Swedish Ambassador
Nils Montan, Counselor of Swedish Embassy
Dr. Wilfried Platzter, Austrian Ambassador
Dr. Herbert Kind, Austrian Economic Counselor
Count Kield Gustav Knuth-Winterfeldt, Danish Ambassador
Tyge Dahlgaard, Danish Economic Counselor
Henry de Torrente, Swiss Ambassador
Jean Leonard Stroehlin, Swiss Economic Counselor
Lord Cromer, British Economic Minister
Rolf Hancke, Norwegian Economic Counselor
Albino Cabral Pessoa, Portuguese Financial Counselor
Under Secretary Douglas Dillon
Acting Assistant Secretary Edwin M. Martin
RA—Arthur A. Hartman

The Swedish Ambassador opened the discussion by saying that it had not been his intention in asking for a meeting with Mr. Dillon to convoke such a formal group including representatives of all seven member states of the EFTA. He was pleased however that Mr. Dillon had given him the opportunity to present his views first and to ask several questions. He then read the text of an aide-mémoire¹ which sums up the views of the Swedish Government regarding matters to be discussed at the coming Paris trade talks.

In essence, the Swedish aide-mémoire states the position of the Swedish Government that the EEC Commission proposals for acceleration of the establishment of the common tariff² could not be considered an endeavor to facilitate a solution of trade problems existing between the EEC and the EFTA. The Swedish Government is particularly concerned that the immediate interests of third countries will be most adversely affected by the raising of tariff barriers in the Benelux countries and the Federal Republic. The Swedish Government wishes that these tariffs be kept at a "nondiscriminatory level". The note further states that tariff discrimination in the EEC low-tariff areas against Swedish ex-

Source: Department of State, Central Files, 375.42/3-2460. Limited Official Use. Drafted by Hartman and approved in U on March 31.

¹ Not found.

² See Document 107.

ports might reach a level of between 50 and 100 percent and that 70 percent of EFTA exports go to these low-tariff countries.

The Swedish note continues by referring to the March 15 joint statement issued by President Eisenhower and Chancellor Adenauer,³ which characterized the EEC Commission's proposals as a major contribution to the lowering of world trade barriers. In the American press, this statement was interpreted as a full-fledged endorsement of the proposals of the Commission and as an evidence that the U.S. was "coming out against EFTA". The Swedish Government is highly concerned by these reports and believes that such a position, if correctly reported, is contrary to the aims and substance of the Paris agreement to examine relations between the EEC and EFTA. In addition, the note concludes that the attitude of the U.S. Government, as understood by the Swedish Government, has been not to take a stand which might be prejudicial to a solution of European trade problems as long as the interests of the U.S. are satisfactorily safeguarded. The Swedish Government believes that the communiqué issued by the EFTA ministers in Vienna⁴ contains proposals designed to safeguard the interests of third parties and at the same time offers a constructive approach towards solutions of short-term problems between the EEC and EFTA.

The Ambassador then asked Mr. Dillon if he would care to comment on this presentation and, more specifically, on the meaning of the Eisenhower-Adenauer communiqué. Mr. Dillon stated that he would give his offhand reactions based on the Swedish views just expressed but without of course a detailed study of the points made by the Ambassador. He said that U.S. support for the idea of the common market has been expressed many times over the past years. It is quite clear that our position on this is not new. It should also be clear that the U.S. has not expressed in the past, nor will it in the future, any opposition to the action of the Seven in forming an EFTA. Our main efforts have been directed toward encouraging the Six to adopt a liberal trade attitude. We have been interested in persuading the EEC to adopt the lowest possible external tariff. It was with this in mind that the Department press officer, sometime prior to the Adenauer visit, had indicated the view of the U.S. Government that the U.S. favored, in principle, the Commission proposal primarily because the proposal involved the lowering of tariffs.⁵ The communiqué merely reiterated this stand.

³For text of this statement, see Department of State *Bulletin*, April 4, 1960, pp. 517-518.

⁴The meeting of the EFTA Foreign Ministers took place March 11-12. The Ministers discussed the EEC's March 3 proposals and after rejecting most of them suggested a more moderate acceleration rate together with the reduction of internal tariffs.

⁵This statement was made on March 4; see Document 107.

Mr. Dillon went on to explain the rationale for this U.S. position. He said that underlying our entire position is the recognition that there will be a common market and that therefore our efforts should be directed toward influencing the common market to be as liberal as possible. We also recognize that the acceleration idea is an essential part of the EEC proposal. Acceleration is necessary to obtain the agreement of the Six to a reduction in the eventual level of the common external tariff. The proposal of the EEC Commission has not yet however been adopted by the Six. The modalities of the acceleration are not yet fixed but are to be decided in the future. We feel that there is a large area of discussion with regard to the acceleration part of the proposal where the facts are not agreed. For example, we have heard that if the EEC proposal is adopted there may be increases in tariffs of as much as 100%. The EEC people say that this may not be the case. Our efforts and objectives in the Trade Committee will be to promote some understanding before July 1, based on a study of the factual situation with regard to proposals which have been made or may be made to the Committee. You can't argue about these proposals if the facts are completely unknown. We consider that such studies might concentrate on key areas and items rather than an attempt to study all of the tariffs and the effects that various actions might have on them.

With regard to the American press reports of a full-fledged endorsement of the EEC proposal, it is quite true that we have given our support to this proposal. We were primarily attracted to the provision for lowering the common external tariff, recognizing that all of the details on the acceleration aspects are still being studied by governments. Our position on the EEC Commission proposal should in no way be taken as a U.S. Government position against the EFTA. It would only be fair to point out however that, on the longer-term question, we do not agree with proposals for broader free trade areas which might involve abandonment of the common market. We support the common market both because of political and economic benefits we see flowing from it.

The Swedish Ambassador stated that the American press had painted a picture of the U.S. taking sides with the Six against the Seven and that this had been played up in the European press, particularly in Sweden. He said that this was causing great political difficulties for his government and he was sure that this was probably true for the other EFTA governments. Mr. Dillon replied that a major job now was to ease the transition on July 1 without either the Six or the Seven abandoning their long-term positions. He said that—to continue his comment on the Swedish note—the trouble with the proposal tentatively made by the EFTA countries in their Vienna communiqué was that we could see little chance that the Six would accept it. As we understand it, there would be a movement away from the common market implementation because

even the reductions in low tariffs of the Six would be generalized to outside countries. In making an analysis of the situation, the U.S. is not taking sides. In the Trade Committee meetings we will do all we can to help achieve understanding and agreement if this is possible. It is not a question of one side being right and the other wrong.

The Swedish Ambassador then stated that the economic position of the EFTA countries was not the same as that of the U.S. Sweden was bound to suffer from the EEC actions more than the U.S. because of the greater percentage of its trade with the EEC. Mr. Dillon then asked if the Swedish position was that any move toward the common market, i.e., by raising tariffs toward the common external tariff would be damaging to their interests, or is the Swedish Government concerned about the specifics of the EEC proposal. He said that if it is a question of the specifics of the EEC proposal we are really talking only about changes which will take place in any case in 18 months time. He said that the U.S. had felt that obtaining a reduction of 20 percent in the eventual level of the common external tariff was a worthwhile objective. He said that obtaining this reduction, even with acceleration, would appear to be better than no acceleration, a modest reduction in internal tariffs on July 1 and no 20 percent reduction in the external tariff. In other words, we think that the 20 percent reduction is significant in terms of world trade and that the question of acceleration deals merely with actions which would take place in any case 18 months hence.

The Danish Ambassador then outlined the position of his country and presented a note verbale.⁶ He stressed that Denmark had worked continuously since 1948 for European economic integration within the OEEC. He said that Denmark had also supported the common market and had hoped that the common market could be supplemented by a broader trading arrangement including all European countries. Denmark had been concerned when the broader FTA talks had broken down and both an economic and political split had appeared to develop. He said that Denmark had joined the Seven in order to make it easier to bring the two contesting parties together again. He said that he had no instructions from his government on the Eisenhower-Adenauer communiqué but that, with regard to the EEC proposals, his government took the view that they would be bad for Danish trade, particularly in the German and Benelux markets. He felt that it would be better to go slow and reach an agreement on a broader FTA rather than have a precipitous move toward acceleration of the common market.

Mr. Dillon said that we appreciate the position of the Danish Government and how helpful it has been in the work of the OEEC. He said

⁶ Not found.

that it was his understanding that the proposal of the EEC, to which the Six have only agreed in principle, provided for some sort of reciprocity. He said that he did not think that the Six have accepted the proposal as a final solution and if there is no agreement for reciprocity from the other side, it may be that the Six will merely go ahead with the implementation of their treaty. The Danish Ambassador then mentioned that he had heard that German Economics Minister Erhard was not in favor of these proposals. Mr. Dillon replied that we had seen an announcement, after the German cabinet met last week, which reaffirmed the strong support of the German Government for the common market and endorsed the EEC Commission proposal in principle but stated that the government continues to reserve its position on the exact details of the proposal.

The Austrian Ambassador said that he had no paper to present but that he did want to emphasize that his government had joined the OEEC in order to be as closely integrated in Western Europe as possible. Austria definitely favors a bridge. He said that the trade effects of the Hallstein proposal would be most serious for a country in Austria's position. Most of Austria's exports go to the low-tariff countries—Germany and the Benelux.

The British Financial Minister said that his government had also taken amiss the communiqué issued after the Adenauer visit. They were particularly concerned that the sentence on the EEC proposals was said in the press to have been included on American initiative. He said that he was considerably reassured by the statements made by Mr. Dillon. He said that the British Government also accepted the common market as a constructive and desirable development. If, however, acceleration is agreed upon, the degree of discrimination would be very high. The British Government would prefer that the common market adhere to the original time schedule in order to give time to seek formation of a broad free trade area desired by most of the European countries. This is the only solution which will prevent a split in Europe.

Mr. Dillon commented that one of the difficulties with maintaining the present schedule is that the discrimination among the Seven toward outsiders on July 1 will be 100 percent greater than among the Six towards others (since the first EEC 10 percent reduction was generalized). He said that it would thus appear to him that the situation on July 1 might even be more serious than the 60 or 70 percent that the British Minister had mentioned as being the discriminatory effect of the EEC Commission proposals. He said he did not know whether this kind of consideration was involved but that this might be one of the reasons the Six had made their proposal.

The British Minister then handed Mr. Dillon a note⁷ on the effect of the common market tariff proposals on U.S. and U.K. trade. Mr. Dillon said, after scanning the note, that he thought it was very useful to begin to talk in terms of figures. Mr. Dillon commented that one of the reasons why we liked the 20 percent reduction is that, if we wait for the GATT negotiations, we might not get as advantageous a reduction. He said that this view was apparently not shared by the Seven. The British Minister replied that it was not the 20 percent reduction that disturbed the Seven but rather the quid pro quo demanded by the Six—namely the acceleration part of the EEC plan. Mr. Dillon said that our interest was in the 20 percent, which after all would affect tariffs indefinitely, and not so much in the question of an 18-month acceleration.

The Danish Ambassador then mentioned the importance of the German tariffs being actually lower than the EEC base rates and that therefore raising them would do particularly grievous harm to Germany's trading partners. Mr. Dillon said that he thought this was one area where the EEC proposals could be examined in detail perhaps to make them more acceptable with regard to German tariff movements.

The Swiss Ambassador recalled that his government had presented a note to the Department of State and had received a reply.⁸ He wished now to read a memorandum stating the Swiss view of the Eisenhower-Adenauer communiqué. The Swiss memorandum concluded that it was the hope of the Swiss Government that the American delegation in Paris will take into account the fact that the proposal of the Seven EFTA countries is designed to heal a dangerous economic split in Europe whereas the Hallstein proposal aggravates further the discrimination and is therefore a factor of disunity among OEEC members.

The Norwegian Economic Counselor recalled that his government had sent an aide-mémoire⁹ which the Department received last Monday. He merely wished to emphasize one point; 75 percent of Norwegian exports go to the Benelux and German markets. He felt therefore that any increases in tariffs in those areas were bound to have serious effects on Norwegian trade.

The Portuguese Financial Counselor stated the position of his government that the proposals of the Seven were more in line with GATT principles and U.S. trade policies than the proposals of the EEC. Portu-

⁷ Not found.

⁸ The Swiss note was handed to a Department of State official on March 9. It warned that the proposed EEC accelerations would seriously deepen the economic division of Europe. (Memorandum of conversation between Kohler and Swiss Chargé Thalmann, March 9; Department of State, Central Files, 375.800/3-960) The U.S. reply was delivered to the Swiss on March 16.

⁹ Not found.

gal wishes to see the integration of all of Europe. They therefore favor a broad European free trade area.

The British Economic Minister said that since all those present were reassured about the intentions of the U.S. Government, it might be useful for the erroneous press stories to be corrected.

Mr. Dillon replied that it would be difficult to deny something that the U.S. had never said. He added that newspapers are usually loathe to say that they have printed something that is wrong. The British Minister asked whether it wouldn't be possible to issue some sort of statement saying that the U.S. hoped that there would be a good atmosphere for the Paris talks and that the U.S. Government was entering these talks with an open mind. Mr. Dillon replied that it would be very difficult for us to correct an impression created by erroneous press reports. We could however state that the U.S. has at no time taken a position against the EFTA. He reiterated that the U.S. was not going to the Paris talks with a piece of paper indicating exactly how problems should be settled. Our objective was to do the best we can to see if it is possible to reach understanding rather than to create discord and at an appropriate time we could make this clear. The British Minister then said that it would be helpful if the U.S. could re-create the impression of enthusiastic neutrality which it had maintained over the past year. Mr. Dillon stated that the public will soon see the position the U.S. intends to take in the meetings in Paris. Assistant Secretary Mann is arriving in Paris today and he will be seeing all of the various delegates and make clear what our views are.

Mr. Dillon came back again to the fact that it is the idea of the 20 percent reduction in the common external tariff that we find most attractive. We do not wish to miss this opportunity to get that reduction. One can only see the disadvantages of this proposal if one assumes that the common market is never going to come into existence. We assume, on the contrary, that the common market will come into existence and that therefore a 20 percent reduction in the common external tariff is a good thing.

Mr. Dillon concluded that he thought at the Trade Committee meetings next week the Seven would present their views. The Six had no prepared views but the proposal of the EEC might come up for discussion. After a general exchange of views, we hope that there will be a willingness to study the factual situation with regard to the various proposals under discussion. He hopes that people will keep talking and that meetings will continue prior to the July 1 tariff actions.

The Swedish Ambassador concluded the meeting by thanking Mr. Dillon for the opportunity to present views and once again reiterated that it would be useful to emphasize to the public that the U.S. has not taken a position against the EFTA.

(Following the meeting Acting Assistant Secretary Martin briefed the press on the meeting with the representatives of EFTA. The various notes and memoranda mentioned in this memorandum of conversation will be sent to the U.S. embassies for their information.)

112. Telegram 523 from the Embassy in Finland to the Department of State

Helsinki, March 25, 1960, 2 p.m.

[Source: Department of State, Central Files, 375.42/3-2560. Secret; Limit Distribution. 1 page of source text not declassified.]

113. Memorandum of Conversation

March 28, 1960.

SUBJECT

Sixes and Sevens

PARTICIPANTS

Prime Minister Macmillan¹
Sir Frederick Hoyer-Millar, Permanent Under Secretary, Foreign Office
Sir Harold Caccia, British Ambassador
The Viscount Hood, Minister, British Embassy
The Earl of Cromer, Economic Minister, British Embassy
Mr. Philip de Zulueta, Private Secretary to the Prime Minister
Secretary of State Herter
Under Secretary Dillon
Foy D. Kohler, Assistant Secretary for European Affairs
Edwin M. Martin, Deputy Assistant Secretary for Economic Affairs

Source: Eisenhower Library, Staff Secretary Records, International Series. Confidential. Drafted by Martin on April 5 and approved in U on April 13 and in S on April 15.

¹ Macmillan visited Washington March 26-29 for talks on disarmament and the forthcoming May summit meeting. See Part 2, Documents 368 ff.

The Prime Minister led off by commenting that he understood the trade meeting which was starting the next day² was at an official level and could only report to ministers, not take decisions on matters of importance. This was agreed.

The Prime Minister continued with an indication of his dismay at reading that portion of the Adenauer–Eisenhower communiqué³ which appeared to give strong support to the Hallstein acceleration-reduction formula. This was the latest in a series of developments which had alarmed him more and more. The current situation could not be understood without going back into its origins which was a long story but he thought it worthwhile to make a few comments.

The political advantages of the Six may outweigh its other disadvantages in U.S. eyes. However, from the start of the European movement, in which he had played some part, he had hoped that Europe would be organized on a wider basis than this. He felt there were clear political disadvantages as well as advantages in an organization limited to the Six. France may be strong for the moment but it is difficult to tell what will come next. Germany is cooperative in its postwar-defeat mood but these moods don't always last. Moreover, if the Six succeeds one will have a political organization of Europe of the sort he had spent years to prevent. [2 lines of source text not declassified]

There were also economic dangers for the UK in recent common market developments. The UK people have skill and courage and intelligence but few natural resources. They are trying their best to modernize their colonial empire but this inevitably means less economic strength than in the past. If the economic program of the Six is accelerated it cannot help but have a bad effect on UK trade. 14% of UK exports are to the Six and amount in total to about \$1,250,000,000. 70% of this is to Germany and the Benelux countries. 80% of exports to Western Germany are manufactures. There is now a 10% discrimination on about \$560 million of these exports. The 10% cut in the E.E.C. tariffs on July 1st will increase the discrimination to 20% on this \$560 million and add 10% over most of a further \$280 million. Acceleration would increase duties by 3 to 5 percentage points on a further \$280 million of trade with Germany. If all the Hallstein proposals were accepted for July 1,⁴ the internal tariff cut would be 20%, combined with immediate tariff increases against outsiders, the amount of which would depend on whether any temporary reduction was made of the Common Tariff. The result would be that, according to the UK estimates, 94% of its trade with the Six

² Not further identified.

³ For text of this statement, see Department of State *Bulletin*, April 4, 1960, pp. 517–518.

⁴ See footnote 2, Document 70.

would be affected adversely; for 20% of the UK trade, discrimination would be around 20%; for 50% of it, it would be in the neighborhood of 30%, and for the final 30%, the discrimination would exceed 30%.

If this is what the Six decides to do, the UK will not whine but face the problem and see what can be done. Membership in the Seven has some trade advantages. Last year was a good year for the UK. The prospects for this year are less favorable as inventories are rising more rapidly than production or exports. A difference of £100,000,000 or so in the amount of UK exports can be the difference between success or failure of its economic program. The UK has had none of the advantages of a defeated power in terms of assistance in reconstructing its industries and reestablishing its economic position.

If exports fall, there will be pressure on sterling of a sort which inexorably demands countering measures such as deliberalization and other backward steps. The British people would not be prepared under these circumstances to continue to spend across the exchanges, year after year, 50 or 60 million pounds to keep troops in Germany, as they would feel their economic distress was caused by German discrimination and would see no justification for continuing to help defend Germany.

He continued that it was important to come directly to grips with this issue and be frank. He thought the idealists on both sides had done harm. The proposal for free trade throughout Europe was too far ahead of the times, though some day he hoped it would be possible. As the first club in the field, the Six had earned a preferential position and should benefit from some discrimination. We should understand, however, that officially the UK still supported the Free Trade Area of the Seventeen and believed this is a correct position, but perhaps it did not make enough concessions to the current status of human nature. If the discrimination by the Six is not too large, one can forgive it and trade can be adjusted to it, but 30–40% discrimination is more than the UK people will accept. They would refuse to defend Germany if faced with this kind of treatment. On the other hand, if discrimination is on the order of 3 or 4 or 5%, Britain would be able to export more and would be in a position to do more for less developed parts of the free world in the form of aid.

He continued by making a plea to delay any steps toward acceleration. He thought a great deal could happen in the course of eighteen months. There was always the possibility of a *détente* with the Soviets which would affect many things. The return of the army from Algeria could affect French attitudes. Moreover, while most French may think they have the Germans under firm control, what about the younger generation? He thought some French were getting a little nervous about this. There was a strange situation with a repetition of the inner ring of

countries which the Germans had had as occupiers during both World Wars, with the UK leading the outer ring. What we must get away from is dramatic differences between the two groups. Therefore he would plea for no acceleration on July 1. He felt sure that the political aspects of the problem would become more favorable if we could get a little time.

Secretary Herter thanked the Prime Minister for his full and frank statement and requested Secretary Dillon to reply.

Secretary Dillon repeated his appreciation of this frank exposé of British views. He also thought it useful to go back a bit on this very complex problem. We had supported the Six primarily on political grounds as the best way we knew to tie Germany irrevocably to the West. [6-1/2 lines of source text not declassified] He thought that by the economic tie-in created by the Six it would be possible to make actions by one member of the Six against the interests of the whole inconceivable. [2 lines of source text not declassified]

Secretary Dillon continued by indicating that, as he thought he had said while in Europe last fall, we agree that it would be bad to let the Six develop a strong independent political line without being tied into and related to larger interests, including those of the UK, and we are glad to help the UK to prevent this. U.S. participation with the UK in the proposed new OECAD was designed to help in the economic field to achieve just this result.

He also said that he had received the impression from talks during the Lloyd visit to Paris last fall that the UK no longer opposed the Common Market and accepted it now, even if it had not in the past. He recalled that Lloyd had given as one of the reasons for this the importance of tying Germany more closely with Western countries. Mr. Dillon also pointed out this meant not just France but also Benelux and Italy—they all had a role to play.

It seemed to us that we must face the question of whether or not we accept the Common Market. If we do, the task is to try to mitigate its trade effects by securing a largely unilateral tariff reduction. The arithmetical average method used to compute the common external tariff might not be wholly a fair one, since problems caused by increases in low tariffs had a tendency to more than counterbalance decreases in high tariffs, and some unilateral tariff reduction by the Six therefore was appropriate. It was also desirable that there be efforts to reduce the harmful effects of the new common external tariff with respect to particular commodities where there are special difficulties.

We saw no alternative to the above approach except to decide that the Common Market idea was wrong and try to find a new system. He suggested that some of the UK partners in the Outer Seven had made clear to us that they preferred this solution and are not interested in hav-

ing a Common Market succeed. [3 lines of source text not declassified] He felt this clearly was the position of Switzerland and Sweden and perhaps even to some extent of Norway.

Secretary Dillon then commented that at the end of the Prime Minister's statement he had spoken of the need to seek a pragmatic solution, which led us to believe there is not too much difference between us on what is to be done next. The main issue seems to be to reduce the degree of discrimination rather than the principle of any discrimination. In this connection it was important that the Six feel sure they are really under way toward their ultimate objective. In our view they are not yet sure of this.

The Prime Minister interjected that his suggestion that the main issue was not to remove but to reduce discrimination was a personal view and not the accepted position of the Outer Seven, who all favor the wider free trade area. Mr. Dillon replied that he understood this though he hoped if it became absolutely clear that this was impossible that they might be willing to adjust their approach to the current factual situation.

He then went on to say that against this background the French had first proposed the idea of acceleration and we had opposed it. When they seemed determined to press ahead along this line, we had said that the only acceptable basis would be a substantial reduction in the common external tariff, perhaps something like 20%. We thought and still think that this would be a valuable concession.

Secretary Dillon said there seemed to be one difference between the UK and ourselves which should be straightened out. From a letter he had received from Chancellor Amory⁵ he gathered there was some feeling in London that a 20% reduction by the Six could be negotiated in GATT. We definitely do not think this possible. In GATT there would have to be full compensation because of the nature of GATT tariff actions, and we think this is not something other GATT members would be prepared to concede. We rather anticipate that if the Six make a 20% reduction, it would be largely unrequited, even though they talk about reciprocity. They know the U.S. can't make any reduction of this size in GATT and we doubt if they can reverse themselves on a 20% cut once it has been put into effect.

It is this 20% reduction which the U.S. has really favored. We have not taken a position for any particular plan but have held that any acceleration must be accompanied by a real reduction. We understand that the proposal Hallstein has made must be modified to secure Six approval and probably any deal to be agreed by the Six will have to take

⁵ Dated March 17. (Department of State, Central Files, 375.42/3-1760)

account of the 25% reduction in German statutory tariffs. We think some compromise on this point is likely to be reached.

Secretary Dillon said that we have noticed that extremists on both sides are reacting rather emotionally to the acceleration-reduction proposal in the absence of any extensive agreement on what the facts are. For example, the facts you have just given do not correspond with some the EEC has developed. They say that 65% of German tariffs now in force would be above the common external tariff if it is adjusted downward by 20%. If this were true the over-all impact of the Hallstein proposal should not be too great. There will still be preferences to partners within the Six, and their plants will take away some business from us and others outside, but there should be no violent reaction. He said we are studying the matter ourselves, especially in the chemical field where our exports are about the size of those of the Outer Seven and we suspect quite sensitive to tariff adjustments. Our very preliminary conclusion is that there would be some diversion under the common external tariff but that its amount would be substantially reduced by the 20% reduction in the common external tariff.

The Prime Minister commented that the 20% reduction takes place over many years into the future while acceleration starts July 1. Mr. Dillon wondered whether any of us would feel any different about the move toward the common external tariff if it took place 18 months from now rather than on July 1. The Prime Minister thought that perhaps in the meantime something could be negotiated. He also pointed out that the UK exports to Germany were about 450 million pounds and essentially all manufactured goods. 200 million pounds plus or minus in the UK trade balance would determine whether they could go forward or backwards in their economic policies. If they lost anything like this amount of business, the first question the British public would ask would be why they should spend 60 million pounds across the exchanges for their forces in Germany when the Germans do this to them. He did not think it was to the U.S. advantage to have the UK ruined economically.

Mr. Dillon pointed out that the Six didn't want to accelerate if there were no reciprocal gesture by the Outer Seven, so as a practical matter there may be little chance of acceleration since it seems unlikely that the Seven would reciprocate. The Prime Minister thought they might well go ahead anyway but Mr. Dillon repeated that we had heard there could be no acceleration without compensation from the Seven. The Prime Minister said that on the whole this was the best thing that could happen, namely, to take just the steps provided for in the respective treaties.

Hoyer-Millar wondered when the 20% tariff reduction would apply. He assumed it would become effective by steps over a considerable number of years. Mr. Dillon said the original target was to reach the

common external tariff in 12 years, but under acceleration proposals this might perhaps be reduced to eight.

The Prime Minister resumed by pointing out that if a crisis comes because of a fall in exports it will be an economic one, creating a factual situation which must be dealt with by specific actions and not a political one of attitudes which could be talked away. The UK would have to examine what it could do to change the facts, looking at import controls, dollar controls, saving 60 million pounds by pulling troops back from Europe, reducing the cost of their contribution to SEATO, and the volume of their defense expenditures. In no case could they starve. They live by their balance of trade and they must live. These kinds of situations can develop with great suddenness as they have done since the war in his own experience. The UK was still on a tightrope and a very small puff of wind could blow her off.

Mr. Dillon said that it seemed to him that all these things could be just as bad when the move toward the common external tariff is made 18 months from now, but he gathered the UK hoped something could be worked out in the meantime which would radically change the basic character of the Common Market in order to prevent this. The Prime Minister replied by expressing the hope that both sides in this dispute, given time, would recoil from recreating the post-Austerlitz, World War I and World War II situation, and not repeat that kind of a division of Europe. If extremists could be shoved into the background, perhaps the pragmatic solution could be found with 5 or 10 or 15% discrimination but not a 40 to 50% differential. Mr. Dillon said he felt that this was not accepting the Common Market. The Prime Minister thought they were but hoped it would be outward looking with a really low tariff. Mr. Dillon thought this was what was happening but there must be no tariff inside the Six and some tariff wall for the outside world. The Prime Minister agreed but said they are raising the height of their outside walls and doing it against those markets which sell them the most. The 20% reduction over 12 or 14 years won't help much. Mr. Dillon thought the over-all German average would be less than what it is today though probably not true on manufactured products alone. The Prime Minister pointed out that on their island they have no raw materials and therefore low tariffs are no help to them. Mr. Dillon then indicated that at the Trade Committee meeting starting the next day the U.S. would not favor any special solution. We are, he said, trying to work out an accommodation to remove heat and bring light. We think a helpful outcome to this meeting might be agreement to compare facts. It would help to reach agreement, we thought, on solutions if there was agreement on what various actions will mean factually; then a further meeting might be held in May to discuss what is done July 1. In any case we do not expect the Six will have proposals to present at this time.

The Prime Minister said their hope was time to negotiate. In political negotiations there can always be some give and take but money is a reality and there is nothing one can do. He had always thought the Six was a reasonable arrangement politically but with others grouped around it in close association. There should be some modest special benefits for the Six, but if more than modest then even though one secures a great political advantage it is too high a price as it would lead to a political break up of Europe. To take this position was, he thought, not bad manners but a recognition of the facts of trade. Mr. Dillon agreed we must face the facts but first we must get them. He was not as pessimistic as the Prime Minister on what they would show. The Prime Minister emphasized that facts must deal with particular items as there was no comfort to be found in being able to sell over low tariffs something one didn't make. Mr. Dillon thought the Common Market people were willing to adjust specific tariffs where specific damages would otherwise result. He agreed that problems must be faced and met, as we are as concerned as the UK to avoid a division in Europe.

[1 paragraph (6-1/2 lines of source text) not declassified]

Hoyer-Millar raised again the desirability of not taking any important decisions at this meeting of the Trade Committee, which Mr. Dillon concurred in as quite impossible. There was also an exchange between Messrs. Cromer and Dillon, both agreeing on the need to get facts and avoid dramatizing 1 July.

Mr. Dillon pointed out that if the Six and Seven each go ahead July 1 in accordance with their treaties, the tariff differentials will be larger in the case of the Outer Seven than in the case of Inner Six because the latter had generalized their first 10% reduction on an m-f-n basis for those tariffs which were above the common external tariff.

Cromer replied that that was understood and the EFTA was studying what they should do.

The Prime Minister then went back to emphasize that the problem was really fundamentally a political one which experts like Hallstein were running away with. *[5-1/2 lines of source text not declassified]*

114. Telegram From the Embassy in the United Kingdom to the Department of State

London, April 8, 1960, 6 p.m.

4930. Paris for Embassy and USRO. Brussels for Embassy and USEC. Against background of recent events and developments Embassy believes useful to assess British thinking and position at present time regarding continent with particular reference to relations between Six and Seven.

Important to remember that British have not abandoned their basic objective of establishing a Europe-wide free trade area, although they have agreed not to emphasize it for time being. In assessing their statements re support for the common market, it should be recalled that such support has been in context of a wider free trade area.

Ministers have obviously not thought through fully all implications of developments on the Continent and UK position regarding European economic integration. Ministerial thinking has accordingly been dominated by traditional opposition to single large power unit on Continent. UK concern over disadvantages to British trade likely to follow from establishment of dynamic continental economic unit was basis for proposal for Europe-wide free trade area and subsequently for attempts to work out arrangement between Six and Seven. British also feel that benefits of large common market will make participants in Six generally more competitive with consequent adverse effects on British exports to third countries. British obviously concerned that such developments would adversely affect UK balance-of-payments position.

While UK Government policy does not in our view involve serious conscious effort to break up EEC there appears be some element of hope on part both Ministers and officials that unforeseen developments may be favorable to achievement UK long-term objective as indicated above. Incidentally there is some recognition at official level that formation EFTA and Prime Minister's alleged statements in Washington¹ have

Source: Eisenhower Library, Staff Secretary Records, International Series. Secret; Priority; Limit Distribution. Transmitted in two sections. Repeated to Paris, Bonn, Brussels, Luxembourg, Rome, The Hague, Bern, Copenhagen, Lisbon, Oslo, Stockholm, and Vienna. Two notes appear in the margin of the first page of the telegram. One apparently by Goodpaster reads: "22 Apr 60 Discussed with President (Mr. Herter and Mr. Dillon)." The second by Eisenhower reads: "Goodpaster: I am astonished at the repeated references to 'exaggerated and emotional' statements by P.M.???? D." Macmillan's account of the meeting is in *Pointing the Way*, pp. 188-193, 252-258.

¹ For Macmillan's comments, see Document 113. A sensationalized account of Macmillan's views was leaked to the press and widely reported. It caused outrage reaction in much of the Western European press.

had effect of solidifying Six and enhancing likelihood of acceptance of concept of acceleration.

Adverse UK reaction to acceleration proposal based in part on Minister's interpretation of US attitudes from conversations in December and January² but founded basically on their conviction that acceleration proposal would make less likely achievement of Europe-wide free trade area. Looked at from political viewpoint, Ministers no doubt regard wider free trade area as reducing likelihood fully effective political integration resulting from EEC. Opposition to acceleration also based on belief that any delay in reaching point of no return in EEC would buy time for the UK during which chances for building "bridge" between Six and Seven would be improved.

In assessing attitude of British toward achievement of wider free trade area, it is of interest that more sophisticated officials consider common market essential element in establishment of Europe-wide free trade area. They contend that France could never be persuaded to accept free trade except in context of EEC, and that, in consequence, it is to British interest that common market succeed, providing free trade area is attainable.

There is no doubt that from political viewpoint, and to lesser extent economic viewpoint, formation of EEC presents difficult and unpalatable decisions to British Ministers. In such circumstances they would be understandably pleased if the problems did not exist.

Embassy believes foregoing helps explain in part statements by Macmillan (Embtel 4811)³ during Washington conversations with Secretary and Dillon. Another factor behind Prime Minister's highly colored and emotional statements is his penchant for histrionics in dealing with his American ally. When Macmillan dealing with important matter on which US and UK views differ, he is inclined to employ device of calculated overstatement with emotional overtones as means of impressing US leaders with strength of UK feeling. It will be recalled that he made similar dramatic statements in connection with Berlin crisis in early 1959.⁴ Prime Minister's liking for historical analogy leads him on occasion into trouble. For example, alleged references to Anglo-Russian alliance in Napoleonic period attributed to Macmillan certainly have little relevancy in situation in which Anglo-American alliance is corner-

² See Documents 81, 82, and 96.

³ Telegram 4811 from London, April 1, reported that the Foreign Office was most concerned about the effects on British relations with the EEC nations of the press accounts of the Macmillan talks in Washington. (Department of State, Central Files, 741.13/4-160)

⁴ During March 1959, Macmillan held talks with Soviet, German, French, and U.S. leaders on the Berlin situation. He took a very strong public position regarding the status of the city.

stone of British foreign policy. There is no reason to doubt Prime Minister's continuing devotion to this alliance and to NATO and in Embassy's opinion it would be inconceivable that he would seriously toy with idea of attempting to use new Anglo-Russian alliance as counter-balance to economic split between Six and UK. Furthermore Embassy doubts British would carry out threat to withdraw BAOR in absence real balance-of-payments difficulties. FonOff officials have been critical of this type of threat.

Conservative government after its electoral triumph in October 1959⁵ appeared intent on giving high priority to improvement of badly deteriorated UK relations with Continent (Embtel 2896).⁶ Selwyn Lloyd's Strasbourg speech in January⁷ and his strong statement of confidence in Federal Republic and its leaders during foreign affairs debate in House of Commons in February⁸ were manifestations of serious British desire to increase European confidence in UK intentions. FonOff is well aware that Prime Minister's reported remarks in US have served to reawaken suspicions on Continent of British motives and policies and have set back efforts to improve relations with Six. Within UK itself, however, reports have had useful effect of stimulating critical reappraisal of British European policy. Number of commentators have taken line UK has missed boat in movement toward European unity and must now find some basis for association with Six. Lloyd himself in Strasbourg speech appeared to recognize that UK was perhaps mistaken in not joining Coal and Steel Community.

Final and perhaps basic factor in Prime Minister's exaggerated and emotional statements is mood of frustration re European policy compounded by belief that Britain's closest ally US fails to appreciate difficulty which UK faces. Solution of problem of harmonizing apparent separate interests of Commonwealth, Anglo-American alliance and UK relations with Continent still eludes HMG and there is no evidence as yet of any real imaginative thinking on subject Britain's future role in Europe. Old ideas thus continue far too much to determine limits of UK policy re Europe, even though there may be waning confidence in their current validity.

Whitney

⁵ In the October 8, 1959, British general election, the Conservative Party won 365 seats in Parliament to 258 for the Labour Party and 6 for the Liberals.

⁶ Telegram 289 from London, December 4, 1959, surveyed recent trends in British policy toward Europe and the United States. (Department of State, Central Files, 741.13/4-160)

⁷ In a January 21 address to the Consultative Assembly of the Council of Europe, Lloyd indicated a strong British desire to participate in European institutions.

⁸ During a debate on British policy toward Germany on February 10.

115. Editorial Note

On April 20, the Group of Four published its report calling for the establishment of an Organization for Economic Cooperation and Development and full membership in this organization by the United States and Canada. Representatives of the 20 OEEC nations met in Paris May 21–25 to discuss the Group of Four's proposals. At this meeting, the decision was taken to establish a commission to draft a convention for the new organization. The commission's work was reviewed by the Ministers representing the OEEC nations at a special meeting called in conjunction with the regular OEEC Ministerial session in Paris July 22–23. The Ministers agreed on the outline presented to them for a draft convention and established a "Preparatory Commission" (PrepCom) to complete final drafting of the OECD agreement by November. U.S. proposals for the inclusion within the OECD structure of a trade committee and of the Developmental Assistance Group were also approved. Thorkil Kirstensen was appointed Secretary General of the OEEC and Secretary General-designate of the OECD with instructions to coordinate the transition from the old organization to the new of existing properties and holdings and overall supervision of the PrepCom's work. Under Secretary of State C. Douglas Dillon headed the U.S. Delegation to the Paris OEEC and OECD meetings. Documentation on Dillon's participation in the Paris meetings is in Department of State, Conference Files: Lot 64 D 559, CF 1725. In addition, Dillon commented on the results of the conference in a speech to the Inter-American Economic and Social Council of the Organization of American States meeting in Washington on July 27. Dillon's speech is *ibid.*, EUR/RPE Files: Lot 68 D 29, OECD Non-Members.

116. Telegram From the Department of State to the Mission at the European Communities

May 2, 1960, 6:21 p.m.

Busec 399. Brussels for USEC and Embassy. Luxembourg for USEC and Embassy. Paris for Embassy and information USRO.

1. On basis soundings Paris and follow-up discussions in capitals appears likely six EEC governments and Commission will agree proposal hold informal and unpublicized consultations with US, Canada, Australia and New Zealand re proposals common agricultural policy. However, comments by EEC member governments indicated not possible for variety reasons have consultations in May. Accordingly Department discussed timing with Canadian, Australian and New Zealand Embassy officials Washington and now have their governments' agreement following:

A. Representation should be at senior official level to emphasize importance of consultation. (US group will be headed by either Deputy Assistant Secretary Martin or Adair.)

B. Propose consultations between our exporters as a group and individual EEC governments and Commission begin June 20. Envisage one or two days each capital of Six with possibility Belgium and Luxembourg would prefer joint meetings in Brussels.

Round-robin beginning Hague June 20-21; Bonn June 22-23; Rome June 24-25; Paris June 27-28 and ending Brussels June 29-30 with consultation EEC Commission following talks BLEU.

C. Officials four exporters would have preliminary meeting Washington May 18-20 to discuss approach to each of six and Commission, exchange views and analysis on nature of problems presented by Commission proposals and explore objectives but not seek develop common presentation or common position. Discussions would be informal, free and frank.

D. Teams of four exporters would have advance meeting in Europe probably The Hague, June 18 to discuss tactics and approach.

2. While reports on agreement to consult received only from Dutch Government (Embtel 1354), Federal Republic (Embtel 1939) and Dr. Mansholt for EEC Commission (Ecbus 622),¹ all action addressees

Source: Department of State, Central Files, 375.800/5-260. Official Use Only. Drafted by Ryss. Also sent to Bonn, Luxembourg, The Hague, Rome, and Paris and repeated to Ottawa, Canberra, Geneva, and Wellington.

¹ Telegram 1345 from The Hague, April 20, reported Dutch views on EEC agricultural policy. (*Ibid.*, 375.42/4-2060) Telegram 1939 from Bonn, April 8, reported on German discussions with Canadian representatives and the German desire for a general discussion of agricultural policies in June. (*Ibid.*, 398.00 PA/4-860) In Ecbus 622, April 8, Butterworth reported that the EEC welcomed the chance to discuss agricultural policy with the United States, Canada, Australia, and New Zealand. (*Ibid.*)

requested seek make arrangements along lines paragraphs 1A and B. Representations except Embassy Paris may be in concert with Embassies Canada, Australia and New Zealand. Embassy Paris should indicate continued US preference consultations with French on four government basis but if French continue oppose Embassy authorized agree meet on two by two basis, i.e. US and Canada; Australia and New Zealand. If others of Six raise question two by two consultation, missions should indicate strong desire US for consultations with four, noting that French arrangement matter of convenience for French Government.

3. Missions should be aware fact US Government attaches great importance these consultations. Believe full and frank discussion common agricultural policy proposals will be helpful all participants but publicity could affect character discussions. Therefore desirable avoid "leaks" to press or agricultural interests.

4. US team will also include senior official Department Agriculture. FYI. Understand Warren, Assistant Deputy Minister, Department Trade and Commerce will head Canadian team.

Dillon

117. Circular Telegram From the Department of State to Certain Diplomatic Missions

May 17, 1960, 2:27 p.m.

1444. Paris for Embassy and USRO and Tuthill. Depcirtel 1326.¹

1. US opposes Soviet participation reorganization OEEC² for two main reasons. Purpose of new body is continue and expand successful international cooperation begun twelve years ago, and Soviets, who fought original organization, no more in sympathy with purposes than they were then. Even if Soviets sincere in wishing cooperate however different principles internal and external economic affairs on which they operate make it highly unlikely they could cooperate with OECD.

Source: Department of State, Central Files, 374.800/5–1760. Official Use Only. Drafted by Turpin. Sent to the OEEC capitals and Moscow.

¹ Circular telegram 1326, April 23, outlined for use with the press the U.S. position on Soviet membership in the OECD. (*Ibid.*, 342.40/4–2360)

² The Soviet Union publicly expressed its interest in joining the OECD on April 21 at the Geneva Foreign Ministers Conference on disarmament.

2. Success cooperative efforts OEEC countries attributable largely to their common economic principles and purposes. OECD, like OEEC, is designed *inter alia* to contribute to development of world economy and promotion of world trade on multilateral, nondiscriminatory basis, to stimulate increased flow of capital to less-developed countries, and to improve coordination of economic policies of member countries.

3. Soviet external economic operations are integral part of wider Soviet political program which is designed to undermine "capitalism" and usher in communist world. These operations are carried on by organs of Soviet State and Communist Party. There is no reason to believe that Soviets have abandoned announced intentions use all available means to weaken free world; and therefore, no reason think they have any sympathy with announced OECD purposes.

4. Even if they wished further these purposes however we doubt that without fundamental changes in whole Soviet system of carrying on economic operations USSR could cooperate with free economies in OECD framework. Fundamental reason is that in USSR economy is not entity separate from though regulated by government but integral part of governmental apparatus. Hence naturally Soviet economy is not run on market principles and cannot be without ceasing be Soviet-type economy. In market, or free, economy, market is prime determinant investment, production, and exchange, although government may and does set limits freedom of choice of businessman or consumer.

But existence these limits does not make market economy into one of Soviet type, where neither limits nor genuine freedom exists but where commands from Party and State embody all basic decisions. Soviet policy has from beginning been concentrate all significant economic decisions in hands of State and Party organs. Soviet propaganda and dogma insist that natural forces of market are inherently evil and have no place in socialist society. Free men consider Soviet system arbitrary, inefficient, and, far worse, destructive of right of free men to free choice. Soviets consider market system abdicates State responsibility to "elemental" market forces and therefore "self-contradictory", term implying moral as well as logical condemnation.

5. In summary Department opposes Soviet participation in formulating principles of OECD *first* because cooperation in pursuit of purposes of organization is incompatible with Soviet policy aims and therefore their motive joining appears be deliberately to obstruct attainment aims organization. Secondly even if they acting in good faith, nature Soviet economic system in theory and practice precludes genuine cooperation based on common principles and purposes of economic activity.

118. Briefing Paper Prepared in the Department of State

Undated.

BRIEFING FOR JOINT COMMITTEE HEARINGS ON
EURATOM AGREEMENT FOR COOPERATION

Wednesday, June 22, 10 A.M., Room F88

The Atomic Energy Commission has asked the Department to provide political support for the AEC testimony on the "Additional Agreement for Cooperation between the U.S. and EURATOM."¹ This agreement provides a limited amount of nuclear material to be made available to EURATOM for use *outside* the Joint U.S.–EURATOM Power Program. The materials are mostly for use in the Italian national atomic program but there are also small amounts of material which may be used in EURATOM's own research effort. EURATOM and the AEC staff had negotiated a much more ambitious materials agreement, but the AEC Commission felt that in view of the desire to obtain approval of an agreement during this session of the Congress, it would be wiser to request only the amounts which could readily be identified for projects now underway. The AEC is particularly anxious to have a restatement of U.S. support for European integration and our estimate of the part which EURATOM plays in this movement.

U.S. Support for European Integration

The U.S. continues its strong support for the political and economic integration of the six countries (France, Germany, Italy, Belgium, the Netherlands and Luxembourg) which signed the Common Market, Coal and Steel Community and EURATOM treaties. These three communities aim at a greater political and economic unity through a sharing of sovereignty in certain fields. While the Common Market, because of its greater scope—covering as it does the entire economies of the six countries—has assumed greater importance than the other two communities, the Coal and Steel Community and EURATOM are nevertheless integral parts of this movement and play their role in furthering the cohesion of the six-country area. (See attached talking points.)²

EURATOM Difficulties

EURATOM has run into perhaps more than its share of difficulties during its organizational period. With the impetus of the Suez crisis and

Source: Department of State, EUR/RPE Files: Lot 70 D 315, Congressional. No classification marking. No drafting information appears on the source text.

¹ Signed in Washington on June 11; for text, see 11 UST 2589.

² Not printed.

under the urging of European and U.S. leaders, EURATOM chose to embark on a major nuclear power program with the U.S. as its first effort two years ago. The complete change in the energy situation since that time under-cut this effort and resulted in disappointment on all sides. In certain cases, this disappointment led to recriminations between EURATOM and individuals in the member states. These individuals feel that, with the urgency of developing atomic power removed, there is no reason to have EURATOM as an institution in existence competing for short funds with national atomic administrations. We do not believe that this opinion is shared by the politically responsible elements in the six countries. They continue to look to EURATOM to coordinate and enhance the individual efforts of the six countries both in atomic power development and in other nuclear fields. The example of the Italian Government making its request for fuel through EURATOM shows that there is still firm support for EURATOM in that country.

French-EURATOM Problem

France and EURATOM are currently engaged in a constitutional dispute. The French believe that there is nothing in the EURATOM Treaty that prevents the French Government from making its own bilateral atomic agreements so long as these agreements are presented to EURATOM for its opinion. EURATOM, on the other hand, states that Article 106 of the EURATOM Treaty calls for a "folding in" of all peaceful uses bilaterals made by member states prior to the entry into force of the Treaty. They hold this to be true particularly for agreements providing for the transfer of nuclear material. The U.S. has said that it will supply material for the French project in question—Rhapsodie—through either method but that this matter must be settled between France and EURATOM prior to the U.S. being asked to take definitive action.

Progress by EURATOM

The EURATOM Treaty authorized \$215 million for an initial five-year research program. Of this amount nearly \$116 million has now been programmed. During 1960, it is expected that approximately \$50 million will actually be spent on projects. Major items in the EURATOM Research Program are the creation of a common research center at Ispra in Italy, contributions to the Dragon and Halden OEEC projects,³ EURATOM-Canadian work on heavy water reactors and fusion work being carried out by the French Atomic Energy Commission and the Karlsruhe Center. These are, of course, in addition to the amounts that EURATOM is spending in connection with the Joint U.S.-EURATOM

³ The Halden boiling water reactor was a joint EURATOM-ENEA project. The British Dragon project involved research on high temperature gas-cooled reactors.

Research Program. The EURATOM Supply Agency has also come into effect and the Belgian Government has made the first request for materials through the Supply Agency for its research reactor at the University of Ghent.

Status of the Joint U.S.-EURATOM Nuclear Power Program

Only one firm proposal was made in response to the first invitation for reactor proposals. This was the Senn Project in Italy. The Joint Committee was informed last January that the AEC had decided to terminate the 1963 phase of the Joint Program with the inclusion of only the Senn Project. The Committee was also informed that at some later date an invitation would be issued for the two projects which the EURATOM Cooperation Act of 1958 permits for completion in 1965. The Committee appeared to react favorably to this decision. The two projects which appear to be most advanced are the Franco-Belgian Project, which will also have the status of "joint enterprise" under the EURATOM Treaty entitling it to special tax benefits, and the AKS Stuttgart Project. The latter group of utilities has already signed a first design contract with an American company.

Safeguards Issue

Although no question was raised by the Joint Committee during the long consideration of the original Joint U.S.-EURATOM Nuclear Power Program concerning the safeguards provisions, Chairman McCone has stated it is possible that this issue may be raised this time. The Department has advocated from the beginning that a EURATOM safeguards and control system should be accepted by the U.S. in place of its usual provision for unilateral U.S. safeguards. The Department has taken the position that our unilateral safeguards have very little validity in fact because of the inability or unwillingness of the U.S. to engage in the major task of adequate policing of such safeguards provisions. Thus, we welcomed both the proposal for developing international safeguards under the IAEA and also the provisions of the EURATOM Treaty which are now in full effect. There is a multinational inspection system now operating in the EURATOM area and a full and satisfactory reporting control system for all materials within the EURATOM area used for peaceful purposes. In connection with U.S.-EURATOM agreements, i.e. the original Joint Program and the new Additional Agreement now before the Committee, the U.S. has the right to verify the operations of this system and satisfy itself that it is operating properly.

The McKinney Study

We have not yet seen a copy of the McKinney Study which has been in preparation for more than a year.⁴ Mr. McKinney was commissioned by the Joint Committee to study the peaceful uses program of the U.S. in the foreign field. We understand that his conclusions generally put great stress on the impracticability of achieving economic nuclear power in the near future. He apparently will suggest that instead greater efforts be made to organize the general scientific collaboration within the free world and particularly provisions should be made to utilize unused scientific laboratory capacity in Europe. Mr. McKinney has been very critical of EURATOM activities. This stems partially from EURATOM's concentration, to a major degree at U.S. urging, on a program to achieve economic nuclear power but also from difficulties which Mr. McKinney had as U.S. Representative to the IAEA in Vienna. He considered that U.S. support for EURATOM undermined the Vienna Agency. Mr. McKinney has also adopted many of the arguments used by national atomic authorities who, as stated above, have expressed criticism of EURATOM on grounds that it no longer has a useful function to play. If Mr. McKinney's conclusions should be discussed before the Joint Committee and the conclusions should be along the lines indicated above, it is suggested that we reiterate our belief that EURATOM has a useful function to play and that the achievement of economic nuclear power within the next ten years is essential for the assurance of economic development and growing power needs of the industrialized areas of the world. (Monday's announcement of U.K. cut-back in nuclear power development confirms this judgment.) The coordination of work which EURATOM has undertaken is beginning to bear fruit. Many of the national laboratories in the six countries are discovering that they are greatly over-committed to projects for which they have insufficient funds. There also has been an excessive amount of duplication which has been wasteful of the limited resources available. EURATOM has made a good start in beginning to sort out this problem. This has not been an easy task.

⁴ On June 22, a copy of portions of the document was made available to the Department of State. Due to lack of time, however, officials were unable to review it prior to their appearance that day before the Joint Committee. (Memorandum for the File by Manfull, July 27; Department of State, EUR/RPE Files: Lot 70 D 315, Congressional) The report was subsequently published; for text, see Robert McKinney, *Review of the International Atomic Policies and Programs of the United States: Report to the Joint Committee on Atomic Energy* (Washington, 1960), 5 vols. No hearings were published.

119. Despatch From the Mission at the European Communities to the Department of State

Ecbus D-37

Brussels, July 27, 1960.

REF

Ecbus D-11, July 8 and Ecbus D-29, July 20¹

SUBJECT

Progress Toward European Integration

Summary.

European officials, vacation bound in late July, left behind them a work-year of real progress toward eventual economic unification. They had begun to speed up nearly every aspect of economic activity, including the common agricultural policy on which the Council of Ministers had adopted a specific timetable for future progress. Their special achievements in the commercial policy field were crucial to progress toward economic union, since they reaffirmed the political determination of the Member States to establish once and for all the inviolability and the reality of the Common Market.

From the Common Market's beginnings, the challenge to its aspiration for individual identity has been manifested largely in commercial policy and trade terms, although based on a variety of political and economic considerations. When the Council of Ministers reaffirmed in May 1960² its dedication to a common external tariff, by accelerating its implementation and lowering its incidence, coupled with a faster pace in lowering internal duties, it responded effectively to this challenge as it had been posed. As a result, third countries began to accept the Common Market as an enduring reality. Thus, this institutional approach to European economic integration should be irreversible when the first move toward the common external tariff takes place at the end of 1960. And if the Common Market's current high rate of economic growth continues, it could make the market a magnet rather than a target for its European trading partners.

Source: Department of State, Central Files, 840.00/7-2760. Confidential. Drafted by Bergfield. Repeated to the OEEC capitals, USEC, USRO, and Paris for Thurston.

¹ In despatch D-11 from Brussels, the Mission at the European Communities forwarded a translation of an article on the organization of the EEC by Pierre Drouin believed to reflect official French Governmental opinion. (*Ibid.*, 375.800/7-860) Despatch D-29 contained the texts of five motions approved by the Monnet Committee at its July 11 meeting on the merger of the community executives, direct elections of EEC representatives, cartel policies, EEC relations with the United Kingdom, and the problems of underdeveloped nations. (*Ibid.*, 375.800/7-2060)

² May 13, in a special press release.

Hardly had the ink dried on the Council's May decision when European Community officials began speaking privately of a new political initiative to give further impetus to the European movement. And in the succeeding weeks, pronouncements by European statesmen (particularly General de Gaulle, Debré and Couve de Murville) brought the qualifications of European institutions under scrutiny. Consequently, it appeared likely that the new work-year would open in September with discussions of ways to improve and consolidate the Community's institutions, accompanied by some significant internal political initiatives.

Community Institutions—Political Consultations.

EEC Commission, Member State Permanent Representation and Council Secretariat officials, of various national origins, gave Mission officials privately during June and July an evolving pattern of thinking on possible initiatives in the political field. Some Community officials said that it was necessary to take advantage of Chancellor Adenauer's remaining time in office,³ and that the nature and form of political consultations would have to be resolved before decisions could be expected on such matters as direct elections of the European Parliament, the fusion of the three executives and the seat of the Communities. One Community source foresaw earlier this month the probability of an Adenauer-de Gaulle meeting in September or October, a meeting which has just been advanced to the day after tomorrow.⁴

EEC Commission Vice-President Marjolin has described privately the need to create and put into operation a political set-up for the Six which would partially parallel in the political field the economic organization established by the Rome Treaties. He felt that one could not wait for the natural evolution over the years from economic integration to political coordination. Marjolin said that the parallel political set-up which he was describing must be more formalized than the quarterly meetings of the Foreign Ministers of the Six which are now taking place.

At the same time, several high officials of the Council of Ministers Secretariat feared that the anticipated French political initiative might empty the existing Community institutions of their political content. However, they felt as did Marjolin that economic integration with all that it implied would continue to prosper, and that probably the intimations being received on French thinking permitted one to envisage an area of negotiation. These Council Secretariat officials hope at a minimum for a formal tie-in of political consultations with the present Council of Ministers Secretariat, insofar as the institutional aspect is

³ Adenauer announced his intention of retiring after leading his Christian Democratic Party through the 1961 parliamentary elections in Germany.

⁴ Adenauer and de Gaulle met at Rambouillet, France, July 29–30; see Document 120.

concerned. Von Staden, Chef de Cabinet Designate of President Hallstein of the EEC Commission, has also spoken freely in private of the possibility of more rapid Community political growth outside of the existing terms of reference of the Rome Treaties but related to them.

Pressure has been building up for some time for constructive changes in the institutional field, apart from the question of political consultations or other political moves. The Monnet Committee, the two Commissions and the High Authority, and the European Parliamentary Assembly have spoken strongly in favor of the fusion of the three executives into a single European economic executive. And the Monnet Committee and the Parliament have pronounced themselves in favor of Parliamentary direct elections. The political content of the three Communities as inseparables had been re-stated, but the French raised a variety of doubts at the June Council of Ministers meeting by opposing at that time several "European" proposals of the Commissions.

Intra-Community negotiation of these questions will probably take some time, even following a possible Adenauer-de Gaulle understanding. There are basic differences between the French viewpoint and the viewpoint of the Benelux countries as to the manner in which the existing institutions, or possible political consultations, should be developed. Not only Adenauer but also a strong Italian government will be needed to assure that any procedures agreed upon are related as closely as possible to the Treaty principle of progressive transfer of certain powers to a central executive.

From a purely mechanical point of view, direct elections and fusion of the three executives could not conveniently take place before the end of 1961. The terms of office of the Common Market and Euratom Commissioners expire at the end of 1961, as do the terms of one-third of the members of the High Authority in September 1961, thus providing a convenient point of departure for fusion. The period of the gentlemen's agreement to take no action on the permanent seat of the Communities also expires in early 1962, but this presumably is negotiable.

Commercial Policy.

Community officials are highly satisfied with the present situation and the outlook for handling European trade problems. United States guidance and support of the common external tariff acceleration-reduction proposal, and help in shifting trade questions from the European to a Free World framework, is recognized by all as having been a major factor in the Community's achievement. Community officials sense that they have recaptured the initiative in the European trade field.

Inclusion of trade questions in the Organization for Economic Cooperation and Development is not necessarily unwelcome in Community circles, and the Trade Committee of 21 is, of course, a reasonable

facsimile of the Community's originally proposed Contact Committee.⁵ Furthermore, the Community judges that the British and the others of the Outer Seven made it clear in Paris in June that they are not in a hurry on specific trade problems, and the possible operations of the OECD in the trade field are well in the future. Consequently, the focal point for discussion of near-term trade problems is likely to be that sought by the Community for a year and a half, i.e. GATT at Geneva.

Community officials are not unmindful of the importance of these upcoming negotiations to the future Free World trading pattern, and especially to the pressures which may subsequently prevail for a broader European trading arrangement. Commissioner Rey has recently stated privately to the Mission that he does not think that any responsible person in Europe is today seriously considering a European Free Trade Area, either for now or for the future. Vice-President Marjolin and others share this view. However, none of them is confident that European trade pressures can necessarily be fully avoided through multilateral negotiations.

Third Country Associations.

Greek association with the Common Market is still a major objective of Community officials, second only to the year-end move toward the common external tariff. Negotiations are continuing and could be completed at the outset of the new work-year. Aside from its importance per se, the terms of the Greek association are significant for the precedents they may set for Turkey and ultimately for countries such as Tunisia which might seek association with the Common Market.

Most key EEC Commissioners consider it premature to discuss the possible future association of industrial countries with the Common Market. However, their appreciation is that the economic and trade forces of the future are more likely to be centripetal than otherwise. In the closing months of this work-year, prior to Selwyn Lloyd's firm statement in the Commons on July 25 against Britain joining the Common Market, most Community comment was on Great Britain rather than on the European Free Trade Area as a unit. If current Commission attitudes provide a true gauge for the future, British evaluations of the Common Market and its attractiveness, during and after the Dillon negotiations, will be those to watch. As of now, nothing less than full British membership would be acceptable, but in the world's fluid situation no one would predict what the future might hold after those negotiations.

W. W. Butterworth

⁵ The "Contact Committee" was one of the proposals made by Hallstein in September 1959 to achieve closer cooperation between the EEC and other OEEC states in trade matters. The Committee of 21 included the EEC and the 20 OEEC states.

120. Editorial Note

French President Charles de Gaulle met with German Chancellor Konrad Adenauer at Rambouillet, France, July 20–30, for discussions on the future of the European Community. At this meeting and in subsequent discussions with the Foreign Ministers and Prime Ministers of the Netherlands, Belgium, Luxembourg and Italy, de Gaulle offered a plan for the creation of a Council of the six heads of the EEC states supported by a permanent secretariat in Paris, four special standing committees to coordinate the political, economic, cultural, and defense policies of the EEC members, and an Assembly made up of deputies from the parliaments of the six nations. Documentation relating to the de Gaulle proposal and subsequent European reaction is in Department of State, Central File 375.800.

121. Telegram From the Department of State to the Embassy in France

August 22, 1960, 9:05 p.m.

743. Paris pass USRO. Brussels for USEC. Below is Dept's FYI analysis recent developments stemming from Adenauer–de Gaulle and Adenauer–Macmillan meetings,¹ followed by position which Dept spokesmen are taking when queried on this matter.

FYI. Difficult construct clear picture of exactly what took place or was agreed at Adenauer–de Gaulle and Adenauer–Macmillan meetings. Reports received from numerous sources, British, German, French, Dutch, and Italian, all seem to be more or less colored by special prejudices of source. However, after sifting evidence, Dept believes following summarizes French, British, and German positions and motives.

Source: Department of State, Central Files, 651.62A/8–2260. Secret; Limit Distribution. Drafted by Fessenden on August 20; cleared by Kohler, White, Brown, Rewinkle, GER, U, and RA; and approved by Dillon. Repeated to Bonn, Brussels, London, Rome, The Hague, and San José.

¹ Adenauer visited Paris July 29–30; Macmillan was in Bonn August 10–11. For the Chancellor's account of his meeting with de Gaulle, see *Erinnerungen*, 1959–1963, pp. 59–67; for the Prime Minister's account of the visit to Bonn, see *Pointing the Way*, pp. 317–320.

Re French position, it seems well-established that de Gaulle did propose to Adenauer new approach to European movement, with Council of Heads of Government of Six and with Ministerial Committees dealing with Foreign, Military, and Cultural Affairs. Although some reports indicate French appear to have proposed Ministerial Economic Committee, others indicate EEC and other institutions in Brussels would continue to be responsible for economic affairs, but with reduced pressure to expand their jurisdiction and with EEC no longer forming institutional basis for evolution of European political unity. De Gaulle is pushing more openly confederation of national states approach to European movement, rather than integration. As for French motives, appears that de Gaulle sees France as playing key role in bloc of six continental countries, with France representing Continent in councils of Big Three. To promote such a position for France within Six, de Gaulle has sought to exploit such factors as European (especially Adenauer's) uncertainties about the continuation of present U.S. policies in Europe and Germany and Belgian disillusionment over U.S. policies on the Congo. At the same time, de Gaulle has continued to press for tripartitism with us and UK. These two policies mutually reinforce each other. If he can advance his claim as spokesman for Europe of Six, this strengthens his hand with us and British in claiming right to tripartitism. On other hand, if he can show Continental powers that France is on par with U.S. and UK as global power, this strengthens his hand with Six in claiming to be their spokesman.

British policy in present situation appears to be clear enough. There has been no change in British concern, for mixture of political and economic reasons, about effects of European unity movement. British may have moved a step closer toward recognizing the EEC as an economic and political reality, but what they appear to be doing at moment is attempting to exploit what they hope will prove to be significant change in Adenauer's long-standing policy of all-out support for European unity and Franco-German solidarity. Further factor may be that recent Soviet behavior has caused British views on East-West matters to move closer to Adenauer's.

Both the French and British positions today seem to be natural extensions of their well-known past policies. Key to situation is whether there has in fact been a change in Adenauer's policy of fullest support for European integration and for Franco-German rapprochement.

Adenauer appears to have become disillusioned by de Gaulle's policies in various fields. This includes de Gaulle's push for pre-eminent position for France among Six and for tripartitism. There has apparently been friction over NATO issues as well. Germans are prime advocates of more military integration in NATO; French favor extreme opposite course. Adenauer also appears anxious to reduce strains in

Anglo-German relations, which are accentuated by EEC-EFTA problems.

Dept does not believe, however, that Adenauer's policies on European integration or Franco-German rapprochement have undergone fundamental change. Evidence seems to point to tactical rather than basic shift. Apparently Germans will continue basic policy in regard to goals of European integration, but no further acceleration beyond that already agreed likely in near future. Most important cause for this tactical shift appears to be 1961 election in Germany. Additional factors are dismay at de Gaulle views on NATO and tripartitism and natural desire to make some improvement in relations with British.

In conclusion, Dept does not believe that this situation calls for any basic modification in U.S. policies or for any major U.S. intervention at this time. One reason is that de Gaulle's move is so patently in direction of French control on Continent that it has already aroused resistance from other Common Market members. End FYI.

Following points should be used in response to any inquiries re U.S. policy as result of talks:

1. In general, U.S. welcomes any exchanges of views between individual Allies. Any increased understanding that results from such exchanges is always valuable in contributing to over-all strengthening of Alliance.

2. U.S. understanding of Adenauer-de Gaulle and Adenauer-Macmillan talks is that no specific decisions were reached which would cause us to modify any of our basic policies toward Europe.

3. U.S. policy rests on view that NATO should be principal forum for cooperation and consultation among member nations, with this forum complemented in economic field by the OECD when it comes into being.

4. U.S. also continues to feel that European integration is of vital importance both for the member countries and as measure to increase over-all strength of the Alliance. Regarding relations between EFTA and EEC we continue to support discussions designed to ease economic difficulties between the two groups. Our strong support for the EEC has not reflected any hostility to EFTA, for which the U.S. indicated its support at a recent GATT meeting. Long-term solutions must be consistent with GATT and should not have the effect of weakening the EEC.

Dillon

122. Telegram From the Mission at the European Communities to the Department of State

Brussels, September 9, 1960, 7 p.m.

Ecbus 87. Luxembourg also for Embassy. Paris also for USRO. I had a long conversation with Jean Rey today at his request and speaking in his capacity as Commissioner in Charge of External Affairs he made the following points:

It is clear that de Gaulle had the intention of modifying the Rome and Paris Treaties and as a result of the reaction in the other capitals has now given up this idea.¹ His proposal that the Heads of State of the six countries already bound together by the Rome and Paris Treaties should meet more frequently and in an ordered way is irreproachable. It should be possible to work out a solution which, without impairing the institutions of the Communities and the progress made toward federal unification with the Heads of Government as active participants. While it would be unwise to give General de Gaulle a sense of being largely rebuffed, his capacity for destructive as well as constructive action must not be lost sight of for he has destroyed the Fourth Republic, parliamentary government in France and is on the way to destroying NATO. The Commission is awaiting the return of President Hallstein but its preliminary attitude is to maintain silence while the other governments, particularly Benelux and Italy, are in effect pressing for the things that it would wish to emphasize but it must be anticipated that the European Parliamentary Assembly when it meets in mid-October will wish to discuss the general situation and the Commission will probably find that it will have to make its position known in advance.

Whereas French show no indication of wishing Britain to take part either economically or politically result of Adenauer-Macmillan talks² is to revive the Six and Seven discussion. Much study is being given to bridge building schemes in both London and Bonn and Commission itself has taken a new look at the problem. However it still does not favor a preferential arrangement and it still believes that the difficult commodity problems are not insuperable on MFN basis, and he cited automobiles by way of example. Needless to say I assured him our policy had not changed.

I could not but take the tenor and tone of Rey's remarks but as a warning to US that with the Commission under fire we must be all the

Source: Department of State, Central Files, 375.42/9-960. Confidential. Repeated to Bonn, The Hague, London, Rome, Brussels, Luxembourg, and Paris.

¹ See Document 120.

² See Document 121.

more vigilant and purposeful if we want to ensure that we are not the victim of a discriminatory arrangement. In this general connection he referred to the obstructionist actions of the Swiss at the last meeting of the Trade Sub-Committee in Paris and indicated Commission's representative at the next meeting would press again for action and refuse to be drawn into any more delay-making statistical studies.

Butterworth

123. Memorandum of Conversation

SecDel/MC/3

New York, September 19, 1960, 5:30–6:45 p.m.

SECRETARY'S DELEGATION TO THE FIFTEENTH SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY

New York, September 19–24, 1960

PARTICIPANTS

US

Secretary Herter
Theodore C. Achilles
Foy D. Kohler

France

Couve de Murville, French Foreign
Minister
Herve Alphand, French
Ambassador
Charles Lucet, French Foreign
Ministry

SUBJECT

French Initiative on European Organization

During his call on the Secretary today the French Foreign Minister said he wanted to explain the French initiative with respect to European organization¹ which had been going on for the past couple of months. This had started, he said, with the meeting with Adenauer in July and

Source: Department of State, Conference Files: Lot 64 D 559, CF 1766. Confidential. Drafted by Kohler and approved in S on September 22. The meeting was held in the Waldorf Astoria.

¹ See Document 120.

consultations had been held since with the other members of the Common Market. The French initiative was now out in the open but on their side they had been careful to say nothing in public and little to other governments until consultations had been completed, for two reasons. First of all, they felt it important to avoid giving the impression that there was a Franco-German directorate within the Common Market. Secondly, they had felt it essential that they be in a position of having consulted all members of the Six before stating any public position.

Couve said that until now the Europe of the Six had been operating only on an economic basis. The general idea of the French initiative was related to the concept that the Common Market in fact signified or involved a concept of a "united Europe" in all fields, essentially in the political as well as the economic. Experience had shown that what was being done in the economic field could only be fully developed if there were some kind of political union of Western Europe. The question arose of the timing of the evolution. The French had felt that the time had now arrived to go ahead since it was already clear that there should be political support for the Common Market, especially in view of the change of international atmosphere since the unsuccessful Paris meetings in May and the prospects that tensions might continue for years. The French had thought that there should be a modest start now, to be followed by successive progressive steps in the future and into the new fields beyond the purely economic aspect. Basically this involved international policies, cultural and educational relations and coordination of some military problems. It was necessary to develop the habit among the Six governments of getting together and seeking agreement on positions to be taken through regular and systematic meetings of the heads of government and of ministers. The whole thing was pointed eventually toward, to use deGaulle's term, a "confederation". Some administrative structure would be necessary—a secretariat which could prepare studies and the like. Also there was need for some kind of public discussions in an Assembly which would create a popular movement toward European unity. The proposed referendum or plebiscite was also related to this need.

Consequently, Colve said, the French had taken their initiative. Of course there were difficulties and some suspicions and a certain amount of amour propre. However, with some possible exception of the Dutch, he thought he could say that all five agreed that something should be done, especially in the political field. The principal problem connected with this movement was that of the role of the British. The French position was that the good and sensible, and probably the eventual, solution would be that the British should join fully. He recognized that this would create difficulties for the British. Thus the French wanted to leave the door open for the day when the British would decide that they in-

deed would belong to Europe, and they were accordingly being very careful not to give the British the impression that they were trying to exclude them; meanwhile they were seeking solutions to the economic problems involved in the relationship of the Common Market and the British. Of course, the French were also taking into account the interests of others, for example the U.S. It was in this light that they had strongly supported the development of the OECD. The trade problems were particularly important for the Dutch and the Belgians as concerns their trade relations with the British. However, in the last analysis the French think that there can be no real solution to the British problem unless the British really join the Common Market. In this there were differences of opinion among the Six, particularly again as concerns the Dutch.

The second problem connected with the European proposals arising with a number of countries, perhaps including the U.S., was the fear that there would be created an inner group inside NATO which would take positions agreed among themselves in advance. Frankly he felt this concern was unjustified. If Western Europe were strengthened, then NATO would surely be strengthened as well. If the Common Market in the economic field were good for all the Atlantic countries, then European unity in other fields would be good, too. As regards the military aspects and the fears that there would be a weakening of the NATO defense structure, he felt that this objection was also not a valid one. If, as he believed, the basic concept of the alliance was to bring the U.S. and Europe together for defense against the Soviets, there was surely room for the Western European countries to discuss particular problems among themselves, such as military schools, logistics and the mutual provision of military facilities. Couve interjected at this point that this was quite a separate question from the French ideas with respect to the reorganization of NATO² which he would also be prepared to discuss at a convenient time.

The third preoccupation of some countries, Couve continued, was that the move should not weaken what had already been accomplished in the Common Market. The French, he said, entirely agreed with this and considered themselves perhaps the "most attached" among the Six to the Common Market concept. Indeed they wanted to strengthen the Common Market. The question of the Coal and Steel Community was a secondary one; some day CSC would be combined with the Common Market. As for EURATOM this was also a secondary question. The basic difficulty here was that EURATOM had been created on false premises; namely, that there would be a need for atomic energy as a fuel and that

² In a September 17, 1959, letter to Eisenhower, de Gaulle demanded a reorganization of the NATO structure that would create a strategic directorate of the United States, the United Kingdom, and France. For text, see Part 2, Document 45.

there would be a scarcity of fissionable materials. In the event, neither of these assumptions was justified.

Couve said that the French would now carry on with their discussions with their partners in the Common Market, particularly the Germans. The French would be visiting Bonn at the beginning of October and then later expected that there would be a meeting of the heads of government of the Six.

The Secretary thanked Couve for his presentation. He said that the U.S. had always supported the Common Market although it had been concerned that the CM should not develop in a protectionist or exclusive way. At the moment we were somewhat anxious about the difficulties with respect to agricultural products. Couve replied that the French had understood our views. He agreed that the agricultural problems were the most difficult currently. There then developed some general discussion with respect to the political role of the farmers in the more developed industrial nations. Couve commented that the situation was particularly difficult in Germany because the farmers were Catholics and strong supporters of the Christian Democrats while the industrial workers in the city tended to be Social Democratic. In reply to a question from Mr. Achilles, Couve said that the French had not yet discussed these developments and their views with the British as they had with us today. However, Deputy British Foreign Minister Heath was coming to Paris in the near future and they expected to have frank discussions with him at that time.³

³ October 10. Heath addressed the EEC Council of Ministers outlining British views on cooperation with the Common Market.

124. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, October 19, 1960, 7 p.m.

Polto 560. Dirk Stikker¹ called on me this morning for general round-up. He had with him an agenda circulated by French for meeting

Source: Department of State, Central Files, 375.42/10-1860. Secret; Limit Distribution.

¹ Netherlands Permanent Representative to the North Atlantic Council.

of For Mins of the Six the end of October.² It includes such items as common action with respect to African problems, particularly Congo, common action with respect to Latin America, relationships with East Germany, relation of Israel to Common Market, relation of Six to problems in U.N. He indicated their position was that discussions this sort among Six entirely in order as long as firm conclusions were not taken which would prove embarrassing in NATO or OECD, and as long as there was no Secretariat and formalization of activities.

He was also interested in probability of a summit meeting of Heads of Govt of the Six in Dec.³ While proposal has not been formalized, it is evidently in the wind. He said this raises question whether it would not be desirable to have summit meeting of Alliance in December which would have advantage of putting meeting of Six in proper perspective and making it more difficult for them to take embarrassing action. For that purpose his thought would be that if meeting of Six were held on Dec. 12 to be followed by summit meeting of Alliance later that week, it would put things in their right relationship. Dutch are now approaching Adenauer on this subject.⁴

I told him we had no guidance on this point except that under present circumstances no serious consideration can be given now to this suggestion. Vice President has proposed that spring meeting might be at Heads of Government level.

In connection with a general review of discussions in French Assembly of nuclear matters⁵ and our discussions in private meeting, I asked him if there were any other member in Alliance other than France who was dissatisfied with present arrangements as to nuclear weapons. He said to best of his knowledge there was not, that British had been unhappy a number of years ago when he was Ambassador to U.K. But he did not think they were now. He said he was glad we had ultimate responsibility for use of atomic weapons, and that interests of Alliance were best served by arrangements for planning and consultation. They would however welcome further programs for cooperative undertakings.

Burgess

² The meeting was held November 8-9.

³ The Council of Ministers of the EEC met December 18-24. No heads of state attended.

⁴ The regular NATO Council meeting was held December 16-18. No heads of state meeting took place.

⁵ The French National Assembly debated the Debré government's Five-Year Defense Plan October 8-December 6. The program included the creation of a French nuclear attack capability.

125. Circular Airgram From the Department of State to Certain Diplomatic Missions

October 20, 1960, 10:15 p.m.

CG-359. Following is Dept's current appraisal present status of Six-Seven issue, based on discussions in Washington during Bank and Fund week¹ with French, British, Canadian and EEC officials and on previous and subsequent reporting from field:

1. In general, we do not see emerging within next year any agreement on long-term relationship between UK and Six or between EFTA and Six. Best chance for progress in easing difficulties remains in field of reducing tariffs of EEC and EFTA through GATT negotiations. No evidence so far of any slackening in willingness of UK or Six to make these negotiations successful.

2. French position on Six-Seven problem has not altered. French continue unwilling accept any special arrangement with UK on basis other than UK acceptance of full integration concepts of Rome Treaty. French consider that obstacles confronting UK in relation to Commonwealth, domestic agriculture and now EFTA tie, will make it impossible for UK to come up with any specific proposal which could serve as basis for negotiation. French seem confident that Germans will not initiate specific proposals going beyond commodity-by-commodity approach already envisaged in studies of Trade Committee of 21 and GATT negotiations.

3. Adenauer-Macmillan conversations² have undoubtedly stimulated hope in UK leaders that political atmosphere for long-term settlement more favorable than before. However, fundamental obstacles have not been overcome. While UK continuing intensive studies undertaken following talks with Adenauer, appears certain that UK will not come forward with any specific public proposals until it has assured itself they likely be accepted. At present juncture we take it for granted that any arrangement acceptable to UK would at minimum have to make special provision for Commonwealth access to UK market and also exempt agriculture in whole or in part. Clear that UK impressed with serious implications for future of Commonwealth if preference

Source: Department of State, Central Files, 375.42/10-2060. Confidential. Drafted by Leddy. Sent to the OEEC countries, to Canberra, to USRO, BUSEC, and USEC.

¹ The annual meeting of the International Monetary Fund and International Bank for Reconstruction and Development was held in Washington September 26-30.

² See footnote 1, Document 121.

system³ eliminated as consequence joining Six. UK will not accept Rome Treaty as it stands and would have to propose major changes. Gap therefore remains wide and is in our view presently unbridgeable.

4. Most significant change in UK thinking is that British now appear to be motivated by the political desirability of closer orientation to the continent and are now giving serious thought to customs union as distinct from earlier attachment to European-wide free trade area arrangement which appears to have been abandoned. As indicated above, however, in UK view customs union would have to be heavily qualified to take care of agriculture and Commonwealth. UK views re status of other members of EFTA under possible customs union and re institutional implications, including common external policy, not clear.

5. Despite encouragement given to Macmillan by Adenauer re possibilities for solution of Six–Seven problem, does not appear that Germans have any solution to offer other than tariff reductions through the GATT negotiations. They have since reaffirmed their opposition to any alteration in Rome Treaty and their adherence to the acceleration of the Common Market.

6. Italians continue feel that question of UK relations with EEC best left for future and give indication of continuing suspicion re UK motives in seeking accommodation.

7. Re deGaulle proposals for organization of Six, although French unwilling confirm, we have impression that as originally put forward proposals would have curtailed powers of EEC Commission vis-à-vis those of Council of Ministers (requiring amendment of Rome Treaty) as well as creating new institution in Paris to support regular consultations, on unanimity basis, in political, defense and cultural fields. In light of reactions of other Five proposals now appear to have been changed along following lines: (1) Powers of EEC Commission will remain as before, but Permdels of Six at Brussels will be authorized to approve certain less important matters previously requiring approval of Council of Ministers. (2) There will be no secretariat or other institution located in Paris. (3) There will be periodic meetings of heads of state. In general, our view of the deGaulle proposals, depending upon their nature, is that they deserve support in the measure that they further genuine integration of the Six on the basis of the concepts of the Rome Treaty but that if they are likely to weaken the integration concept a serious question would arise.

Herter

³ The preferential trading agreement between the United Kingdom, its colonies, and member states of the British Commonwealth of Nations.

126. Memorandum of Conversation

Paris, November 22, 1960.

PARTICIPANTS

Jean Monnet
 Senator Lyndon B. Johnson¹
 Senator William Fulbright²
 John W. Tuthill

SUBJECT

Europe, NATO, OECD, etc.

On Tuesday afternoon, November 22, I escorted Senators Johnson and Fulbright to Monnet's apartment for a conversation (Monnet is still laid up as a result of a knee operation).

(En route to Monnet's apartment, Senator Johnson quoted from a letter from a personal friend in which the comment was made that Senator Johnson was "too much of a Texas cowboy" to be talking things over with "an intellectual like Monnet". Senator Johnson had never previously met Monnet and asked Senator Fulbright and me for our comments. Quite aside from the point as to whether the Senator should be addressed as a "Texas cowboy", we were both of the opinion that Monnet approaches world problems in an uncomplicated and straightforward manner. We both suggested to Senator Johnson that he should not expect any brilliant display of intellectual prowess but rather a clear and understandable approach to the essential problems. We both also emphasized the question of reliability. I recounted the story of the time when Monnet was criticizing a certain position taken by de Gaulle. He interrupted his story to say "I can say this to you because I say the same thing to de Gaulle". I gave as my view that this was typical of the man.

I told Senators Johnson and Fulbright that Monnet was anxious to establish closer relations with key members of the American Congress. Senator Fulbright stated that this meant closer contact with the new administration. I replied that while this was correct it was also correct that Monnet felt it desirable to maintain close contact with both Republicans and Democrats. I pointed out Monnet's Action Committee for a United States of Europe was based upon contact with the major political parties in the six countries plus the labor unions. It is bipartisan in this sense and Monnet wishes contacts of the Action Committee with the US to develop free from partisan political implications.)

Source: Department of State, EUR/RPE Files: Lot 65 D 265, Monnet Action Committee. Limited Official Use. Drafted by Tuthill on November 30.

¹ Majority Leader of the U.S. Senate.

² Chairman of the Senate Foreign Relations Committee.

The conversation with Monnet opened with Fulbright's query about the NATO nuclear problem.³ Monnet had no simple solution to offer but emphasized that a formula must be reached which would not discriminate against Germany. He stated that in his view it was unrealistic any longer to seek formulas which would satisfy the French and certain other countries if in so doing this would arouse serious opposition or even concern in Germany.

Senator Fulbright asked about the Six and the Seven. Monnet pointed out that the Six had political as well as economic objectives. The Seven, on the other hand, represents simply a commercial arrangement. The two are therefore not comparable. Monnet feels that the talk of a split in Europe has been greatly exaggerated, especially by Macmillan. At the same time, he pointed out that, in his view, the British are much more serious today in seeking ways and means to find an accommodation or association with the Six than previously. He feels that this is altogether to the good and that some effective means of association must be found. He thinks it essential that the British remain convinced that the Six will continue to develop and at the same time to seek ways and means of an effective association. He stressed his view that such an association must be found not only with the British but with the United States as well. (In making this presentation he ignored the other countries of the EFTA. This reflects his own view that it is important to seek an agreement with the British but that this can be better done with the British individually rather than through the search for a "bridge" between the Six and Seven. He would prefer to ignore the others in the Seven for the time and concentrate on Britain and the problems in the fields of commonwealth relations and agriculture.)

Senator Fulbright asked whether there was any inconsistency between the OECD (which had been enthusiastically supported by the Norwegian Foreign Minister Lange at the opening meeting the day before of the NATO Parliamentarians) and the Six. Monnet stated that on the contrary, in his view the OECD and the Common Market "complement" each other. He repeated his theory that the Europe of the Six is the "ferment of change". Its unifying influence must extend beyond its own geographical limits to the rest of Western Europe (especially the UK) and North America. He stated that the two main organizations that are essential in this connection are NATO and the OECD. The OECD will be particularly important because it will offer an organizational arrange-

³ At a November 21 meeting in Paris, NATO parliamentarians discussed proposals for a separate NATO nuclear force. These proposals were in response to French demands for a greater say in nuclear policy and de Gaulle's plan for a French-U.S.-British committee to coordinate NATO strategy.

ment for seeking the association of the Common Market with Britain and the United States in a forum with full British and US participation.

After Senator Johnson left, Monnet discussed Algeria. He expressed his usual optimism. He feels that de Gaulle will have overwhelming support in the referendum⁴ and that in the light of this overwhelming support, the Army will not dare move against him. He feels that de Gaulle is a man of decision but not normally of action. Now, however, the time for action has arrived and he feels that de Gaulle will be forced to move. Thus he is optimistic that over the next year or two this matter will be resolved.

(Immediately after the meeting, Senator Johnson held a press conference. While the reporting officer was not present in that conference, he has been told that after referring to his visit at NATO and with de Gaulle, Debré, etc., Senator Johnson turned to his meeting with Jean Monnet. He described Monnet as a "great man" who had given him (Senator Johnson) an inspiring insight into the problems of the present time. He apparently developed this at some length and with considerable feeling.)

⁴ On November 5, de Gaulle announced he would promote a referendum in Algeria on the question of self-determination. On November 16, he announced a national referendum to ensure the support of the French people for his policy.

127. Memorandum of Conversation

November 22, 1960.

SUBJECT

Non-Military Aspects of Long-Range Planning

PARTICIPANTS

The Secretary
Mr. Merchant—M
Mr. Nolting—USRO
Mr. Knight—Defense
Mr. Fessenden—EUR/RA

Mr. Paul-Henri Spaak, Secretary
General, NATO¹
Mr. André Saint-Mleux, NATO
International Staff

Source: Department of State, Central Files, 840.0000/11-2260. Secret. Drafted by Fessenden and approved in S on December 3.

¹ Spaak was in Washington for preliminary discussions laying the groundwork for the December 16-18 NAC Ministerial Meeting in Paris.

Mr. Spaak said that he expected that non-military aspects of long-range planning would be a topic for consideration at the December Ministerial Meeting. He said that he will have a progress report on this subject which will extract certain ideas from various papers which have been presented in the Permanent Representatives' discussions to date. His purpose would be to have the Ministers hold a preliminary exchange of views at the December meeting and thereby to provide general directives for further discussions by the Permanent Representatives after the Ministerial Meeting. Mr. Spaak said that the biggest question in his mind is whether NATO should have a role in African economic problems, noting that the future of less-developed countries was the most important matter facing the Alliance today. The question of machinery for political consultation generally is a problem of lesser importance, on which he expects nothing really new to emerge.

The Secretary said that he assumed the purpose would be to finalize any action at the May, 1961 Ministerial Meeting.²

Mr. Spaak raised the question of the connection between NATO and the OECD. He said he doubted whether there was a possibility of developing a common policy towards less-developed countries in its East-West aspects with the participation of the neutrals who are members of the OECD. The best place for the development of an alliance policy on the East-West aspects of economic problems of the less-developed countries is in NATO, with it understood that NATO would have no responsibility for the execution of these policies. Mr. Spaak said that it is most important to avoid a situation where the less-developed countries are able to bargain off the Free World against the Communist world. Mr. Spaak also noted that good progress seems to have been made in the UN with respect to the newly independent countries. Many of them seem to be interested in not becoming entangled with the Soviets. It is important to take advantage of this favorable turn in events. Mr. Spaak also commented favorably on Senator Johnson's recent speech in which he emphasized that the NATO countries have as their major task the development of freedom and strength throughout the world.³ Mr. Spaak said that we should organize our efforts better to achieve this very worthwhile objective.

Mr. Nolting commented that it can of course become counter-productive if NATO is labeled as the organization for carrying out the efforts of the Atlantic nations to aid the less-developed countries.

² Scheduled for May 8-10 in Oslo.

³ In a November 21 speech to NATO parliamentarians, Vice President-elect Lyndon B. Johnson called for a greater NATO role in economic development throughout the world. For text of his speech, see *The New York Times*, November 22, 1960.

Mr. Spaak acknowledged that this was a danger, but said that it was possible for NATO to play its role in this field in such a way that it was not the organization for executing aid programs.

Mr. Spaak said that if we say that NATO cannot deal with the problems of the less-developed countries, then we are in effect saying that NATO must keep out of the principal problem of our times.

The Secretary summed it up by saying that NATO can be looked upon as the body which could discreetly coordinate our general policies, which policies would then be carried out in various administrative organizations.

128. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, December 7, 1960, 6 p.m.

Cedto 310. Ref: Cedto 300.¹ Sec-Gen Kristensen, with Cittadini Cesi and Klonne of OEEC Secretariat present, met on Dec 6 with AFL-CIO Pres. Meany, accompanied by Brown and Rose² and USRO reps. AFL-CIO reps again indicated preference for high level trade union consultative arrangements for OECD; also stated leaders of certain European unions during recent contacts have agreed on this approach; the American trade unionists indicated that occasional joint mtgs with an equivalent management consultative group could be arranged, if desired. Brown stated free unions of OECD countries expect to form committee themselves and then seek accreditation as labor consultative body along lines reported reftel.

Following Meany's expression interest in OECD's aid role for developing countries, Kristensen noted problem that these "low wage" countries also want opportunity to help selves through exports to ad-

Source: Department of State, Central Files, 374.800/12-760. Official Use Only. Sent to the OEEC capitals and Geneva.

¹ Dated December 5, Cedto 300 reported on the favorable attitude of AFL-CIO leaders to the program for the OECD. (*Ibid.*, 374.800/12-560)

² Alex Rose, President of the Hat Makers Union, and Irving Brown, European Representative of the AFL-CIO.

vanced countries and this question will undoubtedly arise. After some general comments on problems re low wage exports, trade unionists agreed on need to examine trade requirements less developed countries, but had no specific comments on what should be done.

AFL-CIO group also conveyed views on order letter Meany to Dillon Oct 26³ that they favored creation OECD labor and manpower division, including trade union specialists, to be concerned with social questions. Kristensen indicated some problems would arise in recruiting on this basis, and in any case it was still too early to make definite staffing plans. Further, he indicated there were specialized personnel in OEEC on social and manpower questions and some accommodation this sphere of concern expected in new organization. Along lines letter, cited above, AFL-CIO group also favored consultation trade unions in less developed countries on possible OECD aid activities and suggested inclusion in OECD of technical assistance for trade unions in the developing countries. Kristensen noted matter relationships with nonmember countries not resolved but he thought technical assistance for trade unions could be considered in new organization.

In answer Meany's question regarding expected time schedule of new organization, Kristensen stated this depended on ratification by countries, particularly US; thus he did not expect OECD established until fall. Meany observed that US Congress likely to move slowly, but AFL-CIO would do best to speed favorable action.

Burgess

³ In this letter, Meany announced his support for the OECD concept, encouraged participation in the OECD by the developing nations and pressed for a major advisory role for organized labor. (Department of State, Conference Files: Lot 64 D 559, CF 1794)

129. Memorandum From the First Secretary of the Mission at the European Communities (Meyers) to Ambassador Butterworth

Brussels, December 14, 1960.

SUBJECT

U.S.-Euratom Relations: Recent Conversations with Euratom President Hirsch and other officials

1. I saw Euratom President Hirsch at a reception the evening of December 9. Our conversation, while necessarily brief, materially supplemented hints earlier made by Consolo, Vogelear et al. regarding Euratom's reactions to U.S. revisions suggested to the proposed invitation to the 1965 phase of the Joint Program.

a. Hirsch indicated clearly that no decisions would be made by his Commission on major questions affecting the Joint Program until the new U.S. Administration was in office, when the Euratom Commission would wish to review the whole status of the Joint Program in the light of the attitudes of the U.S. Administration. It seemed clear this remark applied to the issuance of the invitation for the 1965 phase of the Joint Reactor Program.

b. He said the terms of the Joint Program were obviously not consistent with the facts of present atomic energy development in Europe. He even wondered whether it might not be more sensible for both sides to renounce the Agreement¹ and start over on the basis of a more realistic Agreement which recognizes the positions of both sides and the atomic facts of life in Europe. He observed that the recent changes to the 1965 invitation, suggested in Busec 120,² were not likely to be helpful in persuading European industry to come forward with power reactor proposals under the Joint Program. In this connection he noted that there really did not even appear to be a Joint Power program, since the SENN contract, although worked out in detail, had never been signed.

c. I urged Hirsch to realize that it would be highly doubtful that the new U.S. Administration could review the complicated Joint Program within the first few months and come to agreement upon any extensive changes that U.S.-Euratom relations were, after all, only part of a broader picture and probably the gamut of U.S. atomic energy foreign policy would need to be reviewed by Administration, with Euratom elements only part of the picture. Thus, I said it would seem realistic to con-

Source: Department of State, EUR/RPE Files: Lot 70 D 315, EURATOM Project. Limited Official Use. Sent to the Department of State as an enclosure to a letter from Butterworth to Schaetzel, December 13.

¹ For texts of U.S.-EURATOM agreements signed on May 29 and November 11, 1958, in Brussels, see 9 UST 1116 and 10 UST 75.

² Dated November 21, Busec 120 reported that the U.S. Atomic Energy Commission had approved invitations for proposals and fact sheets under the U.S.-EURATOM agreement for nuclear plant development. (Department of State, Central Files, 375.81901/11-2160)

sider the Joint Program as at least an insurance policy which at minimum made available fuel, offered plutonium buy-back possibilities at guaranteed prices, and made available chemical reprocessing facilities at prices probably not capable of being matched elsewhere during a similar period. Hirsch replied that, in any event, the Commission was not going to take precipitate action, that it was considering the whole range of U.S.-Euratom relations. He indicated the Euratom Commission would wish to explore these questions with the Mission later, well after the commencement of the new year.

2. I subsequently saw Kohnstamm at the same reception and, having ascertained Kohnstamm was generally aware of the foregoing lines of Commission thinking, repeated essentially the line taken with Hirsch described para 1.c., and hoped Kohnstamm could exercise his influence in persuading Hirsch or other Commissioners along similar lines. Kohnstamm replied the Commission was unlikely to act hastily, but concurred with Hirsch in saying that it was obvious U.S.-Euratom relations need to be reconsidered in the light of existing circumstances. He noted that this was not a one-sided issue; that the U.S. might well wish to change aspects of the Agreement, particularly those relating to financing.

3. With regard to Hirsch's hint that the Joint Program Agreement might need to be radically renegotiated (para 1.b.), from conversations which I have had recently with various Euratom officials, I gather that this possibility has been discussed at senior levels in the Commission and between senior officials and the Commissioners; that no final decisions have been reached; but that it was agreed that these matters could not usefully be raised in Washington at this time and would have to be deferred until the new year. There is wide recognition in the Commission of the benefits obtained from practical contacts with AEC staff in Washington and the National Laboratories, wide appreciation of the helpfulness and friendliness towards Euratom demonstrated by AEC working-level officials and scientists, and a desire to maximize this kind of contact and this kind of relationship in the research and development field. This leads, naturally, to the belief on the part of some influential officials that what is most important, rather than radically revising the Joint Program Agreement, is to push through the enabling legislation for the Additional Agreement,³ signed last June, and then expand materially this Additional Agreement, or perhaps to expand the Agreement first and delay the implementing legislation until this can be done if there is a reasonable indication that Washington will be willing to act relatively rapidly. On the other hand, some officials would rather keep

³ Signed in Washington on June 11, for text, see 11 UST 2589.

separate the Joint Program and the Additional Agreement; change the former to fit today's situation, particularly to obtain fuel more easily for ship propulsion, AGR, and other reactors not proven U.S. types; and make other necessary extensions to the Additional Agreement.

130. Editorial Note

An OEEC Ministerial Meeting held December 13–14 in Paris concluded work on the OECD convention and signed the treaty for the 20 nations forming the new organization. Under Secretary of State C. Douglas Dillon led the U.S. Delegation. The text of Dillon's remarks at the signing ceremony together with the communiqué released by the Ministers and the OECD convention are printed in the Department of State *Bulletin*, January 2, 1961, pages 8–15. Documentation on the Paris meeting, including memoranda of conversation and telegraphic summaries of discussions at the meetings, is in Department of State, Conference Files: Lot 64 D 559, CF 1794.

NORTH ATLANTIC TREATY ORGANIZATION

U.S. PARTICIPATION IN THE NORTH ATLANTIC TREATY ORGANIZATION; EFFORTS TO STRENGTHEN THE ALLIANCE THROUGH CONSULTATION AND COOPERATION ON POLITICAL, ECONOMIC, AND MILITARY MATTERS; U.S. PARTICIPATION IN THE NORTH ATLANTIC COUNCIL MINISTERIAL MEETINGS AND DEFENSE MINISTERS CONFERENCES

131. Editorial Note

The Defense Ministers of the 15 NATO countries met in Paris April 15–17, 1958, to discuss military matters of mutual concern. The conference was held in response to decisions made at the NATO Heads of Government Meeting in Paris December 16–19, 1957. Paragraph 22 of the communiqué issued at the end of that conference reads:

“Recognising the rapidly growing interdependence of the nations of the free world, we have, in organizing our forces, decided to bring about closer co-ordination with a view to ensuring that each NATO member country makes its most effective contribution to the requirements established by the Alliance. Better use of the resources of the Alliance and greater efficiency for its forces will be obtained through as high a degree of standardisation and integration as possible in all fields, particularly in certain aspects of air and naval defence, of logistic support and of the composition and equipment of forces. We have agreed that a military conference should be held at Ministerial level in the early months of 1958 to discuss progress made in these fields in the light, in particular, of the results of the 1957 Annual Review.” (Department of State *Bulletin*, January 6, 1958, page 14)

The U.S. Delegation to the Defense Ministers Conference was headed by Neil H. McElroy, Secretary of Defense, and W. Randolph Burgess, Permanent NATO Representative. A full list of the U.S. Delegation, including advisers, is in Topol 3507 to Paris, April 2. (Department of State, Central Files, 740.5/4–258)

The proceedings of the conference are summarized in Polto Circulars 22, April 15; 23, April 15; 24, April 16; and 25, April 17, from Paris. All are *ibid.*, Central File 740.5. No formal agenda has been found, but these telegrams contain references to the following agenda items:

- MC–70 presentations and comments by delegations;
- coordination of defense;
- closer coordination of research, development, and production of weapons;

progress report on IRBM's and the allied stockpile plan to support MC-70 weapons;
 the welding of NATO air defense into one integrated system of various national forces and command by SACEUR in peace and war; a European Spare Parts Agency; and infrastructure program.

Much of the discussion centered on MC-70, "Minimum Essential Force Requirements, 1958-1963," which was prepared by the Military Committee of NATO in early 1958 as guidance and a yardstick of progress in the 1958 and successive Annual Reviews. MC-70, a copy of which is at NATO headquarters in Brussels, has not been declassified. Subsequent discussion of MC-70 in the NAC is summarized in Documents 132 and 134.

A summary of the highlights of the conference prepared by Department of State advisers to the U.S. Delegation is printed as Document 133.

The final communiqué of the conference is printed in Department of State *Bulletin*, May 5, 1958, pages 729-730.

132. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, April 23, 1958, 8 p.m.

Polto 3392. Department pass Defense. NAC Meeting April 23, 1958—Item II—Minimum Essential Force Requirements (MC-70).

Chairman¹ asked Council to accept MC-70 recommendations.

Belgium could not approve until written reply received to Belgian question regarding inclusion certain national command minesweepers in MC-70 requirements.² SGRep said it would be very difficult include these vessels in force tabs but Cinchan will include them in guidance to

Source: Department of State, Central Files, 740.5/4-2358. Secret. Transmitted in three sections. Repeated to Ankara and the NATO capitals.

¹ Beginning in 1957, the Secretary General of NATO served as chairman of all NAC meetings. Secretary General of NATO was Paul-Henri Spaak.

² At the Defense Ministers Conference April 15-17, Belgium endorsed MC-70 as a minimum force level but questioned the delegation of Belgian minesweepers by the Standing Group. Belgium asked for inclusion of a note that Belgium would maintain 42 minesweepers under national command which would perform NATO missions, and quoted the Netherlands as agreeing with this view. (Polto Circular 24 from Paris, April 16; Department of State, Central Files, 740.5/4-1658)

Belgium and Netherlands and will take them into account during annual review. Belgium said would forward this to Brussels when written statement received.

Canada accepted recommendations, noting that all countries have some questions regarding country breakdowns. *Denmark* did not have final instructions but felt sure MC-70 would be accepted "in light statements made by Danish Defense Minister at Defense Conference".³ *France* accepted MC-70 recommendations reminding Council of statement by French Defense Minister at Defense Conference that MC-70 accepted for planning purposes only and France could not commit itself at this stage to meeting requirements placed on her.⁴ *Germany* would not have final instructions until April 30. Noted that German acceptance would surely repeat reservations on MC-70 made by German Defense Minister during Defense Conference.⁵ *Greece* authorized accept MC-70 for planning purposes but specifically reserved right raise questions during annual review. *Italy* had not received final authorization accept MC-70 but felt it would likely be forthcoming. Luxembourg saw no difficulty in accepting document. *Netherlands* had same difficulty as Belgium and needed to await further instructions. *Norway* accepted MC-70 recommendations. *Portugal* did not have final authority but anticipated no difficulty accepting MC-70 recommendations. *United Kingdom* "happy" to accept MC-70 recommendations "in light Sandys' statements at Defense Conference".⁶ *United States* expressed regret NAC could not approve MC-70 recommendations today. Enormously important get this document accepted. United States prepared agree completely to MC-70 and expects to fulfill requirements as well plan ahead. Hoped this discussion could clear away doubts and differences so that

³ At the Defense Ministers Conference, Denmark reported it was reorganizing its defense structure to achieve a better balance between force goals and economy. It stated that it was unlikely to reach MC-70 goals, which were far in excess of reality and were not feasible from a political or economic viewpoint. These views are summarized in Polto Circular 24.

⁴ French views at the Defense Ministers Conference are summarized in Polto Circular 24.

⁵ German reservations at this conference included problems arising from the large numbers of missiles in Germany. Specifically, questions of land and technicians could not be attained without hindering the German buildup. Germany also felt that technical innovation required constant examination of the types of missiles deployed. These views are summarized in Polto Circular 24.

⁶ In addition to his queries at the Defense Ministers Conference concerning naval warfare, as summarized in Document 133, Duncan Sandys, British Minister of Defense, commented that it was difficult to determine just how strong the NATO shield should be. He added that the demands of NATO must not be allowed to restrict the buildup of the Baghdad Pact and SEATO. He felt MC-70 would be "clearly exceedingly expensive," and the Defense Ministers must distinguish between the essential minimum and the militarily desirable forces. His comments are summarized in Polto Circular 24.

at next meeting NAC could give formal ratification to what is done today.

[18 paragraphs (4-1/2 pages of source text) not declassified]

Burgess

133. Memorandum From the Assistant Secretary of State for European Affairs (Elbrick) to Secretary of State Dulles

April 24, 1958.

SUBJECT

NATO Defense Ministers Conference

Following in accordance with your request is a summary of the highlights of the April 15-17 NATO Defense Ministers Conference.¹ Mr. Timmons and Mr. Fearey of the Department attended as members of the U.S. Delegation.

The conference was held pursuant to the Heads of Government decision last December that "a military conference should be held at the Ministerial level in the early months of 1958." The meeting was of a non-decision taking character and consisted (1) of briefings by the major NATO Commanders on their missions and force requirements as set forth in MC 70, "The NATO Minimum Essential Force Requirements";² (2) of discussion of MC 70 in light of these briefings; (3) of discussion of the most effective means of coordinating research, development and production of modern weapons in Europe; and (4) of a progress report by General Norstad on the introduction of IRBMs in Allied Command Europe and establishment of the NATO Atomic Stockpile.

The most pointed of the questions following the Commanders' briefings were put by U.K. Defense Minister Sandys, reflecting doubt on

Source: Department of State, Central Files, 740.5/4-2458. Secret. Drafted by Robert A. Fearey and Benson E.L. Timmons, III, of the Office of European Regional Affairs, on April 24. Transmitted through the Executive Secretariat and initialed by John A. Calhoun, Director of the Executive Secretariat. The initials "CBE" in Elbrick's handwriting appear on the source text, and another notation by Phyllis Bernau reads: "Sec saw, pdb".

¹ No request from the Secretary asking for a summary of the highlights of the conference has been found.

² Not found.

his part as to the utility of a major portion of NATO naval forces in the face of modern weapons systems and the probable short duration of a general war. Admiral Wright, Supreme Commander Atlantic, maintained in reply that the USSR could be expected to deploy its naval vessels in advance of a conflict, which the Soviets would of course initiate, so that they would not be likely atomic targets. The Soviet Navy would thus be in a position to continue sea warfare for a considerable period regardless of retaliatory damage to the Soviet homeland. If the sea war were lost it was doubtful whether NATO could carry on the war on land successfully, with the result that even though NATO forces might have devastated the Soviet homeland the Soviets would win the war.³

The exchange of views on MC 70 indicated a positive attitude on the part of most Defense Ministers toward achievement of MC 70 force requirements. The U.S. made a forthright statement in support of the document.⁴ There was general agreement among the Defense Ministers that MC 70 should be approved for planning purposes for the period 1958–1963, and that the country breakdowns set out in the document should be accepted as guidance for the 1958 Annual Review, covering the period 1959–61.

The discussion of modern weapons research, development and production coordination was somewhat inconclusive. Secretary McElroy stated that the U.S. had no objection to the matter being proceeded with through small groups of NATO nations, such as WEU and the French-Italian-German collaboration, provided that the work is carried out under the aegis of NATO. In that event the U.S. would be able to furnish technical and certain financial assistance.⁵

In his progress report on the deployment of IRBMs and establishment of the NATO Atomic Stockpile, General Norstad noted progress in preliminary discussions with the French military authorities on the establishment of IRBM in France; said that exploratory conversations with representatives of several other countries had not yet progressed to a point where detailed reports were appropriate; and stated that the attitudes displayed in the discussions which had been held led him to believe that requirements for IRBM in Allied Command Europe would be met. With respect to the NATO Atomic Stockpile, Norstad reported that

³ Sandys' questions and Admiral Jerauld Wright's replies are reported in Polto Circular 22 from Paris, April 15. (Department of State, Central Files, 740.5/4–1558)

⁴ Reference is apparently to the "prepared statement" of Secretary of Defense McElroy, which he presented to the afternoon plenary session on April 15. (*Ibid.*) The statement has not been found.

⁵ The discussion of modern weapons research, development, and production, including McElroy's comments, is reported in Polto Circular 25 from Paris, April 16. (*Ibid.*, 740.5/4–1758)

detailed plans for the Stockpile had been prepared at SHAPE and were now under study by subordinate NATO Commanders. He expressed confidence that development of the stockpile system would keep pace with nuclear delivery systems deployments.⁶

In general the Conference had a firm, encouraging tone and should provide a good basis for the work that lies ahead in implementing the broad decisions taken at the Heads of Government meeting, which can be summarized as maintaining the strength of NATO's defenses and equipping NATO forces with modern weapons.

A copy of the Communiqué issued at the close of the Meeting is attached.⁷

⁶Norstad's progress report is summarized *ibid.* No written progress report has been found.

⁷The communiqué, not attached, is printed in Department of State *Bulletin*, May 5, 1958, pp. 729-730.

134. Telegram Polto 3531 From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, May 1, 1958, 9 p.m.

[Source: Department of State, Central Files, 740.5/5-158. Secret; Niact. 2 pages of source text not declassified.]

135. Memorandum of Conversation Between President Eisenhower and Secretary of State Dulles

May 2, 1958.

1. I spoke of the forthcoming NATO meeting. I said that I thought that the two important issues that might come up were (1) "parity at the

Source: Eisenhower Library, Dulles Papers, Meetings with the President. Secret; Personal and Private. Drafted by Secretary Dulles. The source text indicates that Under Secretary Herter was also present.

Summit" and (2) Algeria. I explained to the President why we opposed "parity" and the President indicated his complete concurrence. I said that it was possible, although I thought unlikely, that the French might demand an expression of NATO solidarity behind French policy in Algeria.¹ The President thought that it would be quite impractical to give any such blank check. We wanted a French policy that would succeed and we could not be bound to endorse elements of a policy which seemed to be failing.

[Here follows discussion of unrelated matters.]

JFD

¹ In a memorandum of telephone conversation between Matthew J. Looman, Jr., Office of Western European Affairs, and Charles E. Lucet, Minister of the French Embassy, April 30, Lucet said that France would not raise the subject of Algeria at the NATO meeting in Copenhagen, May 5-7, because the Felix Gaillard government had fallen and felt it could no longer raise the Algerian issue in that forum. (Department of State, Central Files, 396.1-CO/4-3058) Algeria was not discussed at the Copenhagen meeting, although Secretary Dulles discussed the question privately with British officials in Copenhagen and with French officials during his visit to Paris following the meeting. See footnote 1, Document 150.

136. Editorial Note

The Ministerial Meeting of the North Atlantic Council, held in Copenhagen May 5-7, was attended by the Foreign Ministers and NATO Permanent Representatives of the 15 member countries. The U.S. Delegation was headed by Secretary of State John Foster Dulles and included advisers from the Departments of State and Defense. A list of the delegation is printed in Department of State *Bulletin*, May 26, 1958, pages 851-852.

Secretary Dulles and his party left Washington on May 2; his departure statement is printed *ibid.*, page 851. After a stop in New Hampshire to deliver an address, he arrived in Copenhagen at 6:25 p.m., May 3. At 10:15 p.m., Dulles met with C. Burke Elbrick, Assistant Secretary of State for European Affairs, and G. Frederick Reinhardt, Counselor, to discuss the possible Soviet insistence on the principle of "parity" for representation at a forthcoming Summit meeting. No record of this conversation has been found.

The most extensive body of documentation on this NATO Ministerial Meeting is in Department of State, Conference Files: Lot 63 D 123, CF

997–1017. Briefing papers are in CF 997; press releases and NATO committee reports are in CF 998. Copies of the verbatim records of the NAC meetings are in CF 999–1000 and CF 1011–1012; no summary records of the sessions have been found. CF 1001 contains Orders of the Day for the May 2–12 period. Copies of the Secretary's speeches are in CF 1002. CF 1003–1005 contain miscellaneous administrative materials. CF 1006 contains a complete set of memoranda of conversation between the U.S. and other NATO Delegations during the Copenhagen meetings. CF 1007–1008 contain, respectively, copies of the Secto–Tosec and Dulte–Tedul telegrams. CF 1009–1013 contain a chronological record of meetings for the period May 2–7, additional copies of memoranda of conversation, and collections of telegraphic exchanges between the Secretary's party and the Department of State. CF 1013 also contains copies of the draft communiqué and the final communiqué. Reports and documents discussing preparations for the meeting and summarizing the proceedings are *ibid.*, Central Files 396.1, 396.1–CO, and 740.5.

On Sunday, May 4, Reinhardt, who served as coordinator for the Ministerial Meeting, met with Ambassador Burgess and other members of the delegation to prepare for a meeting with the Secretary which was to follow. A memorandum summarizing this meeting is *ibid.*, Conference Files: Lot 63 D 123, CF 1010. At 11:25 a.m., Dulles met with Burgess, Reinhardt, Peterson, and members of the delegation; no record of the meeting has been found. Following lunch, Dulles and Burgess met with NATO Secretary General Paul-Henri Spaak at 4:20 p.m. A memorandum of their conversation (USDel/MC–1) is printed as Document 137.

At 5 p.m., Dulles, Burgess, and members of the delegation met with British Foreign Secretary Selwyn Lloyd and members of the British Delegation to discuss matters of mutual concern; see Document 138. Separate memoranda of their conversations on the situation in Lebanon (USDel/MC–2), British-Libyan aid discussion (USDel/MC–3), parity at the Summit (USDel/MC–4), atomic testing (USDel/MC–6), the British-Icelandic fishing dispute (USDel/MC–7), relations with UAR President Nasser (USDel/MC–8), Algeria (USDel/MC–9), Cyprus (USDel/MC–10), Buraimi (USDel/MC–11), Yemen (USDel/MC–12), U.S. aircraft for Iraq (USDel/MC–13), Indonesia (USDel/MC–14), and the tripartite declaration on Berlin (USDel/MC–32) are in Department of State, Conference Files: Lot 63 D 123, CF 1006 and 1010. Dulles' memorandum for the record of his conversation with Lloyd on the tripartite declaration on Berlin is *ibid.*, CF 1010. His conversation with Lloyd on British proposals for disengagement and European security was reported in Secto 12, May 5. (*Ibid.*, Central Files, 740.5/5–558)

On Monday, May 5, Dulles and Elbrick met with Italian Foreign Minister Giuseppe Pella and Adolfo Alessandrini, Secretary General of the Italian Foreign Office. A memorandum of their conversation on Ital-

ian participation in a summit meeting (USDel/MC-5) is *ibid.*, Conference Files: Lot 63 D 123, CF 1006 and 1011. At 9:50 a.m., the opening ceremonies of the NATO Ministerial Meeting began. They were summarized in Secto 19, May 5. (*Ibid.*, Central Files, 396.1-CO/5-558) Copies of speeches at the ceremonies by Danish Prime Minister and Foreign Minister Hans Christian S. Hansen, Luxembourg Foreign Minister Joseph Bech, and Spaak are *ibid.*, Conference Files: Lot 63 D 123, CF 1011. The first plenary session, which began at 10:15 a.m., is summarized in Document 139. At 12:40 p.m., Frederick E. Nolting, Jr., Deputy NATO Representative, conducted a debriefing for members of the U.S. Delegation; no record of this debriefing, or subsequent ones, has been found. Secretary Dulles, Burgess, Elbrick, and Jacques J. Reinstein, Director of the Office of German Affairs, had lunch with German Foreign Minister Heinrich von Brentano and other German officials at 1 p.m. A summary of their conversation on a possible summit meeting and the reunification of Germany (USDel/MC-31) is in Department of State, Conference Files: Lot 63 D 123, CF 1006 and 1011. Their conversation on Dulles' forthcoming visit to Berlin was reported in Secto 18, May 5. (*Ibid.*, Central Files, 110.11-DU/5-558)

The afternoon session of the Ministerial Meeting convened at 3:30 p.m.; see Document 140. Nolting conducted a debriefing for the U.S. Delegation at 5:30 p.m. At some point during the day, Dulles met with Sidney E. Smith, Canadian Secretary of State for External Affairs, to discuss grant aid to Lebanon. Their conversation was summarized in Secto 13, May 5. (Department of State, Central Files, 411.83A41/5-558) The conversation between an unnamed member of the U.S. Delegation and A. Ross of the British Delegation on Cyprus was reported in Secto 16, May 5. (*Ibid.*, 747C.00/5-558) Their conversation on Italian post-independence aid to Somalia was reported in Secto 17, May 5. (*Ibid.*, 865.0077/5-558) A conversation between members of the U.S. Delegation and Danish Chief of Defense Admiral Erhard J.G. Qvistgaard on Danish requirements under MC-70 was summarized in Secto 15, May 5. (*Ibid.*, 759.5-MSP/5-558) The Secretary's message to the President reporting on the day's events is printed as Document 141.

On Tuesday, May 6 at 9:45 a.m., Dulles and other members of the delegation met with Turkish Foreign Minister Fatin Rüstü Zorlu and other members of the Turkish Delegation. Memoranda of their conversations on Lebanon (USDel/MC-16), aircraft for Iraq (USDel/MC-17), Turkish financial difficulties (USDel/MC-18), and relations with Nasser (USDel/MC-19) are in Department of State, Conference Files: Lot 63 D 123, CF 1006 and 1012. The morning session, which started at 10 a.m., is summarized in Documents 142 and 143. At 12:10 p.m., Nolting held a debriefing session for the delegation. The May 6 afternoon session began at 4 p.m.; see Document 144. At 6:15 p.m., Nolting held a de-

briefing session for the delegation. Dulles' message to the President on the day's events is printed as Document 145.

At 7:15 p.m., Dulles met with Llewellyn E. Thompson, Ambassador to the Soviet Union; no record of their conversation has been found. At 8 p.m., Dulles, Elbrick, and Thompson attended a dinner at the U.S. Embassy with British and French guests. Dulles' conversation with Lloyd and Jean J. Laloy, Director of European Affairs in the French Foreign Ministry, on the decision to support Camille Chamoun, President of Lebanon, was reported in Dulte 10, May 6. (Department of State, Central Files, 783A.00/5-658) Memoranda of Dulles' conversations with Lloyd on U.S.-British relations in Iraq (USDel/MC-20), recent developments in Indonesia (USDel/MC-21), Prime Minister Macmillan's proposal for a Cyprus condominium (USDel/MC-22), the possibility of Lloyd accompanying Macmillan to Washington in June (USDel/MC-23), the suspension of nuclear testing (USDel/MC-24), U.S.-British relations (USDel/MC-25), Duncan Sandys' paper on comprehensive disarmament (USDel/MC-26), and Lloyd's proposed trip to Poland (USDel/MC-27) are *ibid.*, Conference Files: Lot 63 D 123, CF 1006. A copy of Sandys' paper is *ibid.* Dulte 17, May 7, transmitted Dulles' message to the President on his reactions to the paper. (*Ibid.*, Central Files, 740.5611/5-758)

On Wednesday, May 7, Dulles met with the U.S. Delegation at 9:30 a.m.; no record of the meeting has been found. The morning session of the Ministerial Meeting, which began at 10:30, is summarized in Document 146. During the session, Dulles and Dutch Foreign Minister Joseph M.A.H. Luns privately discussed Indonesian designs on West New Guinea. A memorandum of their conversation (USDel/MC-30) is in Department of State, Conference Files: Lot 63 D 123, CF 1006) Dulles participated in the final afternoon session, which began at 4:30 p.m. No verbatim record of the plenary session has been found. Secto 51, May 7, briefly noted that the session began at 4:30 p.m. and was devoted entirely to the revised draft communiqué. The communiqué was agreed to at 6:15 p.m. and the meeting concluded. (*Ibid.*, Central Files, 396.1-CO/5-758) Secto 50, May 7, transmitted a joint press statement by the U.S., British, and French Foreign Ministers recognizing the possibility of including other countries, such as Italy, in a summit conference. (*Ibid.*) A transcript of the Secretary's press backgrounder beginning at 6:45 p.m. was transmitted in Secto 55, May 8. (*Ibid.*, 396.1-CO/5-858) At some point during the day on May 7, Dulles met with Lloyd on British support costs in Germany; see Document 147. Dulles also met with Greek Foreign Minister Michael Pesmatzoglou regarding a possible visit by Nasser to Greece. A memorandum of their conversation (USDel/MC-29) is in Department of State, Conference Files: Lot 63 D 123, CF 1006. A summary analysis of the Copenhagen Ministerial Meeting was

transmitted in Secto 63, May 10. (*Ibid.*, Central Files, 396.1–CO/5–1058) The final communiqué, May 7, is printed in Department of State *Bulletin*, May 26, 1958, pages 850–851.

On Thursday, May 8, Dulles and his advisers went to Berlin. Documentation on this visit, including a collection of telegraphic correspondence between the party and the Department of State, is in Department of State, Conference Files: Lot 63 D 123, CF 1014. Dulles spoke at a reception given in his honor by the Berlin city government on May 8; for text of his speech, see Department of State *Bulletin*, May 26, 1958, pages 854–857. Documentation on Dulles' visit is printed in volume VIII.

On the evening of May 8, Dulles left for Paris where he attended the Western European Chiefs of Mission meeting which was held May 9–13. Dulles attended the meetings on May 9 and 10. Documentation on the meetings is in Department of State, Conference Files: Lot 63 D 123, CF 1015–1016. CF 1015 contains an agenda and typescripts of remarks of Secretary Dulles and Llewellyn E. Thompson. CF 1016 contains memoranda of conversation between Dulles and French officials on various matters of mutual concern. Regarding the Chiefs of Mission meeting, see Document 21.

Secretary Dulles left Paris on the evening of May 10, stopped in Minneapolis, Minnesota, and returned to Washington on May 12. Documents on his Minneapolis trip are in Department of State, Conference Files: Lot 63 D 123, CF 1017.

The following documents are arranged in the order in which the meetings took place.

137. Memorandum of Conversation

USDel/MC-1

Copenhagen, May 4, 1958, 4:20 p.m.

UNITED STATES DELEGATION TO THE 21ST MINISTERIAL
MEETING OF THE NORTH ATLANTIC COUNCIL

Copenhagen, Denmark, May 5-7, 1958

PARTICIPANTS

United States

The Secretary
Ambassador Burgess

Paul-Henri Spaak

SUBJECT

Nuclear Testing—Summit Meeting—NATO Ministerial Meeting

Secretary Dulles congratulated and thanked Mr. Spaak for all he had been doing. He realized that the U.S. had not been able to move as rapidly as Mr. Spaak at times wished, but he hoped Mr. Spaak would keep on pressing for action. It was his business to do so.

Secretary Dulles outlined some of the difficulties in arriving at definite positions and cited the question of testing. The U.S. had considered an announcement ahead of the Russians but many contrary agreements were raised against it. Both the British and the French were opposed to cessation—at least before the passage of the new Atomic Energy legislation.¹ The Secretary proposed to pursue the matter further.

Mr. Spaak said there was great need for wider public understanding on this point to dispel a tendency to put the blame on the U.S.

Secretary Dulles said in the U.S. there were growing doubts both on the part of the government and the public about a summit meeting. The recent Soviet veto of the Arctic proposal was especially discouraging as the U.S. was very hopeful and eager that this proposal should succeed.²

Spaak questioned the reasons the U.S.S.R. had made so many such mistakes recently.

Source: Department of State, Conference Files: Lot 63 D 123, CF 1006. Secret. Drafted by Burgess. The meeting was held in the U.S. Embassy Residence.

¹ A proposed amendment to the Atomic Energy Act of 1954 permitting the transfer of nuclear materials and information to other nations passed Congress and was signed by the President on July 2, 1958. (72 Stat. 276)

² Reference is to the Soviet veto in the U.N. Security Council on May 2 of a U.S. proposal for the establishment of an international inspection zone against surprise attack north of the Arctic Circle.

Secretary Dulles felt Khrushchev was very dangerous for he was not as careful or calculating as his predecessor—more moved by emotion.

Mr. Spaak inquired if we thought many people in Russia were against Khrushchev.

Secretary Dulles said undoubtedly.

Secretary Dulles developed further the point that the U.S. was not happy about the summit meeting idea. The Democrats were lined up against it; a high percentage of the Congress opposed the idea of the President's becoming involved.

Mr. Spaak said he thought the pressure for a meeting was lessening in Europe.

Secretary Dulles said he was worried about the "parity" principle. It assumed the negotiation was between two blocks.

Secretary Dulles expressed his concern about France and Algeria—the danger of a repetition of Indo-China. Mr. Spaak confirmed this concern.

It was agreed that Secretary Dulles would be prepared to open the discussion under topic II of the program with a presentation of the work of the three countries in negotiating with Russia. He would want later to discuss some other questions under this topic such as Arctic Inspection.³

Secretary Dulles said he would propose that Mr. Spaak and his staff be asked to draft the communiqué.

³ Secretary Dulles' statements to the NATO Ministerial Meeting under agenda item II, Current International Situation, are reported in Document 140.

138. Memorandum of Conversation

USDel/MC-15

Copenhagen, May 4, 1958, 5:15 p.m.

UNITED STATES DELEGATION TO THE 21ST MINISTERIAL
MEETING OF THE NORTH ATLANTIC COUNCIL

Copenhagen, Denmark, May 5-7, 1958

PARTICIPANTS

United States

The Secretary
Ambassador Burgess
Mr. Reinhardt
Mr. Elbrick
Mr. Porter

United Kingdom

Mr. Selwyn Lloyd
Sir Frank Roberts
Sir Anthony Rumbold
Sir Roderick Barclay
Mr. Denis Laskey

SUBJECT

Support Costs for UK Forces in Germany

1. Lloyd referred to the recent agreement between the UK and Germany on support costs and to an addendum to that agreement made by the German Defense Minister Strauss.¹ Strauss had inserted a condition in the agreement which stipulated that there would be no reduction in British Forces in Germany without a corresponding increase in combat efficiency. Lloyd said that the British would be able to maintain their forces at the 55,000 man level through the present calendar year. In 1959 these forces would have to be reduced to 45,000 men unless NATO could find the money to finance the difference of 10,000 men. In 1960 the total would have to be reduced to 45,000 men in any case, unless conditions permitted the reduction of forces in other areas where the U.K. had commitments, or unless British forces elsewhere could be counted as part of the NATO force. On the other hand, it would be possible to maintain a level of 45,000 men in Germany indefinitely and by 1960 combat efficiency will have increased to the point where it would more than balance the reduction in actual numbers.

2. Mr. Burgess inquired particularly whether the British planned to delay asking permission from NATO and WEU to reduce their forces until nearer to the time when the reduction would take place. Lloyd re-

Source: Department of State, Conference Files: Lot 63 D 123, CF 1006. Secret. Drafted by Elbrick. The meeting was held in the British Embassy Residence.

¹ The agreement in principle between the United Kingdom and West Germany regarding the support costs for British military forces in Germany was reported in Polto 3218 from Paris, April 14. (Department of State, Central Files, 740.5/4-1458)

plied that they would delay if they saw that funds were available for the year 1959. Lloyd referred to Secretary McElroy's recent conversation with Sandys in Paris and his suggestion regarding the possible additional financing.² The British Government would be interested in knowing whether there was any possibility of working something out along these lines. If there is not, the Government will be obliged to make a statement in July regarding the ultimate reduction of forces to 45,000 men.

² Highlights of a conversation between McElroy and Sandys at the Defense Ministers Conference in Paris on April 14 were reported in Polto 3231 from Paris, April 15. (*Ibid.*, 740.5/4–1558)

139. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Copenhagen, May 5, 1958, 2 p.m.

Secto 20. Paris for USRO and Embassy.

1. Upon conclusion opening ceremony,¹ First Plenary Session NATO Ministerial Meeting opened 10:15 a.m. May 5 with Spaak in chair.²

2. Spaak opened discussion agenda item 1—Report by Secretary General and Annual Political Appraisal—with brief comments on his report.³ Report is first pursuant recommendation 3 Wise Men.⁴ Points out

Source: Department of State, Central Files, 396.1–CO/5–558. Secret. Repeated to Paris and pouched to the NATO capitals and Moscow.

¹ The public ceremony opening the NATO Ministerial Meeting was summarized in Secto 19 from Copenhagen, May 5. (*Ibid.*)

² The verbatim (C–VR(58)31) record of this session, dated May 5, is *ibid.*, Conference Files: Lot 63 D 123, CF 1000.

³ Spaak's report, "Annual Political Appraisal," C–M(58)72, April 25, is *ibid.*, CF 998.

⁴ Regarding the Report of the Committee of Three on Non-Military Cooperation in NATO, which the NATO Ministerial Meeting in Paris approved on December 13, 1956, see *Foreign Relations, 1955–1957*, vol. IV, p. 137. Text of this report is printed in Department of State *Bulletin*, January 7, 1957, pp. 17–28. To strengthen the process of consultation in the Alliance, the report called for the Foreign Ministers at each spring meeting to appraise the political progress of the Alliance, and for that purpose the Secretary General should submit an annual report, which analyzed the major political problems of the Alliance, reviewed the extent to which member states had consulted and cooperated on such problems, and indicated the problems and possible developments requiring further consultation.

two weak points: (A) Coordination of economic policies of Alliance, particularly question assistance to underdeveloped areas. (B) Information program—how can NATO get across its positions (which are good)? Basically national problem. Bigger NATO budget information needed.

3. Strong points noted in report are:

(A) Defense cooperation—Defense Ministers' Conference was good and situation fairly satisfactory.

(B) Scientific cooperation—"New chapter in NATO opened".

(C) Production new weapons—Countries will have to give their representative proper political directives.

(D) Political cooperation—Spaak said this worked almost perfectly, mentioning disarmament, replies to Bulganin, preparations for possible summit. Major countries have spoken frankly and accepted comments and criticism. On balance, state of Alliance is good, although problems remain.

4. Lange (Norway) congratulated Spaak on report and said it showed expectations 3 Wise Men fully justified. Paid tribute willingness "great powers" to consult. They bear heavy responsibilities for all of NATO. Warned that NATO must not allow obligation to consult to hamper quick reactions, which sometimes needed. Cited U.S. proposal for Arctic inspection zone.⁵ Continuous process consultation allows quick reaction by one member to be taken in light known views other members. Supported Spaak on information program. Must pay more attention presentation Western positions. They should be simplified.

5. Brentano (Germany) praised report and said that public not sufficiently conscious that NATO more than military alliance. Spaak must have assistance of highest order, in terms rank and appropriate salaries. While secrecy on certain matters needed, better publicity on NATO also required, so as to convince public of value NATO.

6. Zorlu (Turkey) in lengthy speech said NATO must coordinate efforts in political field so as contain Soviets. Reviewed developments since World War II. Soviets now pushing disengagement idea, which dangerous. Soviets have made progress in development nuclear weapons, and this makes shield forces still more vital. They must be strengthened. Spoke of need for economic and scientific cooperations, mentioning OEEC and FTA. West must meet Soviet economic expansion with solidarity and own expansion program. More efficient appli-

⁵The U.S. draft resolution on an Arctic inspection zone (U.N. doc. S/3995 as amended), which was introduced in the U.N. Security Council on April 28, is printed in *Documents on Disarmament, 1945-1959*, vol. II, p. 1005.

cation Article II needed,⁶ especially as regards efforts outside NATO area.

7. Lloyd (UK) congratulated Spaak and endorsed Lange's points on political consultation. On economic matters, said he believed in deterrent (citing strategic power, shield forces, and will to resist) but felt battle of ideas will decide contest with Soviets. This battle greatly influenced by economic consideration. Said NATO must feel way to greater economic cooperation. Political cooperation good and expanding. Re Paras 32 and 33 Spaak report, said assumed decision on introduction IRBM's would be submitted to NAC, as he questioned commons on this.

8. Secretary spoke next. Remarks as taken from unedited verbatim record being sent immediately following telegram.⁷

9. Pella (Italy) added his thanks and expressed agreement with Secretary's point. Italy hopes European economic integration will be starting point for economic cooperation in Atlantic community. Spaak would lead this movement. Stressed need for continuing military cooperation.

10. Cunha (Portugal)⁸ congratulated Spaak on excellent report and work it reflects. Stressed need better publicity, both by NATO and national governments. Need show NATO unity to world.

11. Smith (Canada) endorsed remarks of others re Spaak report and said Article II has even greater importance today in view of economic recession. "We must not export our economic troubles to others". Economic groupings must not be restrictive. Must put special effort into economic cooperation, both within Alliance and vis-à-vis underdeveloped areas. If national policies fashioned with regard to Article II, they will automatically bear NATO label. Referred to Canadian food stockpile, offer at NATO DefMin Conference⁹ and endorsed parliamentarians' resolution on NATO 10th anniversary Congress.¹⁰ Governments should exchange views on this.

⁶ Article 2 of the North Atlantic Treaty provides that the member states promote further development of friendly international relations and conditions of stability and well-being, and seek to eliminate conflict in international economic policies and would encourage economic collaboration.

⁷ Secto 21 from Copenhagen, May 6. (Department of State, Central Files, 396.1-CO/5-658)

⁸ Paulo A.V. Cunha, Portuguese Foreign Minister.

⁹ Polto Circular 24 from Paris, April 16, briefly mentioned that Canada suggested the NAC should reexamine food stockpile proposals in light of the danger to North American ports by missile-bearing submarines which constituted a serious threat to NATO supply lines. (Department of State, Central Files, 740.5/4-1658)

¹⁰ Reference is presumably to the conference of NATO Parliamentarians in Paris November 11–16, 1957. The resolutions of this conference have not been found.

12. Pesmatzoglou (Greece)¹¹ spoke briefly, referring to Greece's attachment to NATO, and need more cooperation in information, defense and economic field.

13. Luns (Netherlands) said Dutch consider common market only starting point for wider economic cooperation. Uppermost in their minds is political argument for FTA.

14. Pineau (France)¹² agreed Spaak's analysis two weak points. Soviets are having some effect Western public opinion. NATO should look again at economic section 3 Wise Men's report and see if matter needs further study. On April 15 Gaillard had said France would speak of Algerian problem at Copenhagen, since this problem, affecting area covered by treaty, of interest to all.¹³ Present political circumstances in France had however prevented France from putting Algeria on agenda. Perhaps it would be raised later by new government.

15. Krag (Denmark)¹⁴ spoke of economic problems. Recession in U.S. causing serious concern. U.S. efforts counteract it of great importance to us all. If it spreads, will hurt common case and adversely affect defense capabilities. Said it essential that FTA negotiations be brought successful conclusion.

16. Larock (Belgium)¹⁵ took up economic discussion and asserted "absolute will" of Community of Six to broaden common market and make it into FTA.

17. On information problem, said U.S. "clean bomb" statement on Soviet test suspension did not go down well in Western Europe,¹⁶ but U.S. proposal for Arctic inspection zone was excellent reply to Soviet charges. Supported larger NATO information budget.

18. Spaak paid tribute to Permanent Council and international staff. Noted general agreement on NATO's weak points and asked for "bold and liberal" attitude on economic problems.

19. First plenary session adjourned 12:30 p.m.

Dulles

¹¹ Michael A. Pesmatzoglou, Greek Foreign Minister.

¹² Christian Pineau was French Foreign Minister in the Gaillard government, which fell on April 15, 1958. Pineau was serving as caretaker Foreign Minister until a new French government could be formed.

¹³ Reference is to Gaillard's speech on the Algerian problem to the French National Assembly on April 15.

¹⁴ Jens Otto Krag, Danish Minister of Foreign Economic Relations.

¹⁵ Victor Larock, Belgian Foreign Minister.

¹⁶ Reference is presumably to the statement by President Eisenhower on March 26 that the United States would conduct nuclear tests that summer to demonstrate the reduction in radioactive fallout from the nuclear explosions. (Department of State *Bulletin*, April 14, 1958, p. 601)

140. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Copenhagen, May 6, 1958, 3 p.m.

Secto 23. Paris for USRO and Embassy. Following is summary second secret session NATO Ministerial Meeting afternoon May 5.¹ Summary Secretary's remarks on Arctic zone and summit meeting cabled separately.²

Session opened with Secretary reading text tripartite statement re Moscow negotiations as approved by US–UK–France in Washington.³

There being no comment on tripartite report Spaak called on Brentano.

German Foreign Minister, after expressing doubt re Soviet desire to negotiate and concluding Soviets merely looking for propaganda success, said NATO should nevertheless try to work for summit meeting since Western peoples desire it. He pointed out Soviets however were beginning by trying to ignore Geneva Agreements⁴ and accordingly there was probably little hope they would proceed seriously. Brentano thought summit meeting would not solve many problems but would demonstrate if Soviets willing negotiate.

Brentano thought disarmament most likely field for agreement. He said careful preparations were required and we should probe Soviet intentions during preparatory work. We must take Geneva as point of departure and not permit them "disengage" from Geneva Agreements. He said German problem could not be left out of future conference. Recent press statements to contrary had misinterpreted German position. He said Chancellor had never said discussion of Germany at major conference could be renounced.

Brentano added we must seek general political solutions. There was organic and indissoluble tie between Germany and European security. He said superficial détente which hardened status quo was

Source: Department of State, Central Files, 396.1–CO/5–658. Secret. Transmitted in two sections. Repeated to Paris and pouched to the NATO capitals and Moscow.

¹ The verbatim (C–VR(58)32) record of this session, dated May 5, is *ibid.*, Conference Files: Lot 63 D 123, CF 1000.

² Sectos 22 and 29, May 6. (*Ibid.*, Central Files, 330.13/5–658 and 396.1/5–658, respectively)

³ Reference is to the tripartite statement that the British, French, and U.S. Ambassadors in Moscow presented to the Soviet Government on May 3; for text, see Department of State *Bulletin*, May 26, 1958, p. 852.

⁴ Reference is to the agreements reached at the Heads of Government Meeting in Geneva July 18–23, 1955.

unacceptable. Germany must necessarily be discussed at summit meeting. European security and disarmament were also linked.

Brentano gave analysis Mikoyan visit noting Blankenhorn had given report to NAC.⁵ He said Mikoyan statements had given no reason hope for any change in well-known Soviet attitudes such as allegation German problem could only be solved by "two Germanies".⁶ He said even SPD had rejected Mikoyan views. [3 lines of source text not declassified]

German Foreign Minister thought some cultural ties with Soviets along lines US-USSR agreement desirable.⁷ He concluded disarmament should be dominant theme any summit meeting. August 29 proposals remaining although we might rephrase them to make them more difficult for Soviets to reject. He thought any idea of small zones was unacceptable but that if Soviets proposed large zone we should study carefully. He ended saying Soviets must show willingness negotiate on political problems before we could make any progress.

Lloyd spoke next analyzing Soviet motives re summit meeting. He concluded real reason for Soviet desire hold such session was belief this forum best served their interests. They could muzzle public opinion at home and at same time appeal to opinion in free world through vague generalities, while simultaneously avoiding any real commitments.

British Foreign Secretary added Soviet positions had hardened recently especially since West met April 17 deadline for talks in Moscow following which our position had improved.⁸ He said he favored summit meeting if it would provide something useful and this meant preparation, during which we must not abandon positions of strength without compensation.

Lloyd stressed heavily need maintain tie between conventional and nuclear armaments in light great Soviet conventional superiority. Reliance on nuclear disarmament would be fatal. He also hoped Soviets

⁵ The report to the NAC of Herbert A. Blankenhorn, German Permanent Representative to NATO, on the visit of Anastas Mikoyan, First Vice Chairman of the Soviet Council of Ministers, to Germany April 25-28 was summarized in Polto 3475 from Paris, April 28. (Department of State, Central Files, 740.5/4-2858)

⁶ Mikoyan's views on the role of the two Germanies in reunification were reported in *The New York Times*, April 27, 1958, p. 3.

⁷ For text of a joint communiqué containing the agreement on exchanges in the cultural, technical, and educational fields between the United States and the Soviet Union on January 27, 1958, see Department of State *Bulletin*, February 17, 1958, pp. 243-247.

⁸ The Soviet aide-mémoire of April 11 called for an exchange of views with the United States, United Kingdom, and France beginning on April 17 in Moscow on preparations for a meeting of Foreign Ministers. This aide-mémoire and the British, French, and U.S. reply of April 16 acceding to the Soviet request are printed *ibid.*, May 5, 1958, pp. 727-728.

could be kept on defensive in propaganda field and referred to UK proposals to Soviets in cultural domain as useful in this context.

Lloyd said West was right not break with Soviets on procedural issues. Separate meetings of three Ambassadors with Gromyko in Moscow was ridiculous procedure and possibly somewhat humiliating but we were correct in accepting it. On parity he said English opinion saw little difference if satellites were present in 4–4, 5–5 or some other ratio. Soviet Union had its parrots already in UN and their presence here would merely be nuisance. Furthermore it was uncertain if Soviets really gained from presence their satellites. He concluded he was not pronouncing a view on parity today since UK had not made up its mind.

He concluded we should start with study of controlled disarmament agreement. We could adopt one of three methods—we could revert to comprehensive UK-French proposals of 1954–1956, we could stick to “partial comprehensive” project of August 1957⁹ or we separate some element from 1957 package. He concluded essential point was not permit wedge to be driven on separating conventional and nuclear weapons.

Pineau reported DeJean had received two letters from Gromyko one to be published May 6. Second note of 20 pages would be circulated in NAC tomorrow but at first glance appeared contain little new.¹⁰ He then summarized French position. We were correct in not stressing procedural questions which public understands badly. We could not complain too much because we had got Soviets to accept concept of preparatory work up through Foreign Ministers’ meeting. He agreed Soviet motives were complex and that they had created many more obstacles recently.

With regard to disarmament French Foreign Minister said August 29 proposals still valid and he regretted Soviets had flatly rejected them even though we had never said we would not be willing amend them. He also repeated French position that link between cessation nuclear

⁹ Reference is to the U.K.-French memoranda of June 11, 1954, March 29, 1955, April 19, 1955, March 19, 1956, and May 3, 1956, and the Western working paper on proposals for partial measures of disarmament of August 29, 1957, all submitted to the Subcommittee of the U.N. Disarmament Commission. For texts, see *Documents on Disarmament, 1945–1959*, vol. I, pp. 423–424, 452–453, 453–454, 595–598, and vol. II, pp. 868–874, respectively.

¹⁰ Reference is presumably to the Soviet aide-mémoire and a 14- (not 20) page document, “Proposals of the Soviet Government on Questions Put Forward for Consideration at the Conference With the Participation of the Heads of Government,” which Gromyko handed to the British, U.S., and French Ambassadors in separate interviews in Moscow on May 5. Maurice DeJean was the French Ambassador in Moscow. The Soviet Government published its aide-mémoire on May 5. The two documents were transmitted to the Department of State in telegrams 1918 and 1926 from Moscow, May 5. (Both in Department of State, Central Files, 396.1/5–558)

testing and nuclear weapons production must be retained. Greatest danger was not nuclear testing but nuclear war. Disarmament which did not include Soviet territory would merely crystallize status quo and destroy existing security balance in Europe. Political problems also cannot be neglected and no arrangement which might lead withdrawal NATO troops from Continent would be acceptable.

After Secretary's statement (reported separately)¹¹ Dutch Foreign Minister stated West needed to make known its views more effectively and admitted Soviets had made propaganda gains. He said European forces must have nuclear weapons. Soviets wished prevent this and would make particular efforts in this direction. He said not only Rapacki Plan¹² but Western disengagement ideas were highly dangerous in absence political settlements. No European security system was possible in light existing political situation. Disengagement was obviously dangerous militarily and carried heavy political risks as well. Fact forces were facing each other in Europe was symptom not cause of tension. Tension could be reduced by strengthening shield forces but few nations seemed desire incur cost involved. Risk of war caused by incident under existing situation was minor compared to danger of vacuum in Europe. Luns said political antagonisms might cause Soviets to start war. War could be caused by upheavals in satellites. Disengagement therefore would only be safe in event basic improvement political situation. He admitted difficulty making convincing case to public in event balance conventional forces proposed for Rapacki-type zone but pointed out obvious danger since Soviet forces could withdraw behind their frontiers still posing as great threat as ever.

Luns concluded agreeing with Spaak re Moscow talks that "3" were not political directorate of NATO but were acting as spokesmen for NATO views, and in light their special responsibilities. He noted these responsibilities could devolve on other NATO members in other situations.

Final speaker was Greek Foreign Minister who said he had no comment on procedure. However he wished stress nuclear menace now existing. In light this threat we must seek talks with Soviets and at same time ensure that public opinion does not lose sight real Soviet policies. He believed disarmament best place to start but both sides must make

¹¹ See footnote 2 above.

¹² The Rapacki Plan, first proposed by Polish Foreign Minister Adam Rapacki in a speech to the U.N. General Assembly on October 2, 1957, subsequently renewed through diplomatic channels, called for the establishment of a denuclearized zone in Poland, Czechoslovakia, the German Democratic Republic, and the Federal Republic of Germany. For text of Rapacki's address, see *Documents on Disarmament, 1945-1959*, vol. II, pp. 889-892.

concessions in order reach agreement. He thought our present policies should continue steadfastly since Soviets might not be able afford arms race indefinitely.

It was agreed meet again 10:00 a.m. May 6. Spaak and International Staff will prepare first draft communiqué.

Dulles

141. Telegram From Secretary of State Dulles to the Department of State

Copenhagen, May 5, 1958, 8 p.m.

Dulte 7. Eyes Only Acting Secretary for President from Secretary.

Dear Mr. President: We have just finished the first day's NATO session, the principal activity from my standpoint was my report on behalf of France, UK and US on the diplomatic negotiations with the Soviet Union in Moscow, and then a narrative of the events which led up to the Soviet veto of our Arctic proposal; my discussion of the possible implications of the "principle of parity" and a brief recapitulation of our attitude toward a summit conference.¹ I think I made clear the genuine and bitter disappointment we felt at the refusal of the Soviet Union at least to begin talks about inspection in the Arctic area. I may say that on all sides there is commendation of the way we handled this Arctic matter. So far as the other speakers were concerned, the most significant development was the strong insistence by Selwyn Lloyd, backed up by Luns of the Netherlands, that we must not divorce nuclear weapons from conventional weapons. Lloyd called on the Council to take a clear decision in this sense.²

Yesterday afternoon I spent two hours and more with Selwyn Lloyd going over the different positions in the world where we are working together, notably Libya and Lebanon.³ The British have great concern about both of these positions. They themselves are doing a little more than expected in Libya and want us also to do a little bit more. They are particularly anxious to have us do something for Lebanon. I

Source: Department of State, Central Files, 396.1-CO/5-558. Secret.

¹ See footnote 2, Document 140.

² Lloyd's and Luns' comments are summarized in Document 140.

³ See Document 136.

told Lloyd of our thinking about a possible gift of grain. Also I mentioned this to Smith, the Canadian Foreign Minister, because I wanted him to understand why we might be doing it as they would normally react adversely to "dumping" wheat in their possible markets. He seemed to take the prospect calmly.⁴

I met Pella, the Italian Foreign Minister, privately before the meeting and heard his urgent appeal for inclusion in a summit conference or Foreign Ministers' conference as something that would influence, according to him, five million votes in the forthcoming elections.⁵ I am not yet clear as to what we can do to help him.

Von Brentano and others of the German Delegation lunched with me today and we went over the problem of German reunification as to which there had been some confusion, particularly with reference to the reporting of Hearst's interview with the Chancellor.⁶ Actually the German Government holds to the view that the reunification of Germany must be discussed, but he did not want to make a solution of the German problem a condition precedent to progress in disarmament. The Foreign Minister made a statement this afternoon which, if adequately published and properly interpreted, should clear up misunderstanding on this point.⁷

Tonight we dine with the Prime Minister at the Tivoli Gardens, and I face, I fear with inappropriate equanimity, the prospect of some more good Danish food.

Faithfully yours, Foster.

Dulles

⁴ No record of this conversation has been found.

⁵ A memorandum of Dulles' conversation with Pella on May 5 is in Department of State, Conference Files: Lot 63 D 123, CF 1011.

⁶ A memorandum of Dulles' conversation with von Brentano on May 5 is *ibid.* Hearst's interview with Konrad Adenauer, Chancellor of the Federal Republic of Germany, has not been found.

⁷ Not further identified.

142. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Copenhagen, May 6, 1958, 10 p.m.

Secto 32. Paris for USRO and Embassy.

1. Third plenary session NATO Ministerial Meeting opened 10 a.m., May 6,¹ continuing discussion of agenda item II—Current International Situation.

2. Pella (Italy) believes exchange of views in Permanent Council on problems of East-West relations has great value. Italy insists that any summit meeting must be preceded by careful preparation and must lead to positive results. Without careful preparation such meeting would only benefit Soviets. But West should not be negative or take rigid attitude on procedure. Agenda is not question of procedure but substance. NAC must consider carefully. Italy has welcomed statements by US and others that Western countries conducting preparatory talks are not necessarily only ones which would attend Foreign Ministers' meeting or summit conference.² Disarmament seems to Italy key question. Agrees with Lloyd on danger separating nuclear and conventional disarmament questions. Re disengagement, agrees with Pineau on dangers such proposals.³ West stand on these principles: (A) it must not weaken its military position; (B) proposals for "special areas" in Europe must be considered in framework overall agreement between East and West; and (C) there must be effective controls. Italy considers German reunification and European security closely linked, and welcomed Brentano's remarks this subject yesterday that GFR continues consider these subjects "strictly connected".⁴ On economic and cultural exchanges, summit should only lay down general directives for later detailed negotiations.

3. Hansen (Denmark)—Danish public opinion looks to reduction tensions, whether by summit meeting or otherwise. Soviets appear want summit. Agrees on need careful preparation, and hopes publicity can be avoided, so as not freeze positions. No grounds for optimism but West

Source: Department of State, Central Files, 396.1—CO/5-658. Secret. Repeated to Paris and pouched to the NATO capitals and Moscow.

¹ The verbatim (C—VR(58)33) record of this session, dated May 6, is *ibid.*, Conference Files: Lot 63 D 123, CF 1000.

² Secto 50 from Paris, May 7, transmitted a joint statement given to the press by the U.S., British, and French Foreign Ministers recognizing the possibility of including other countries, such as Italy, in a summit conference. (*Ibid.*, Central Files, 396.1/5-758)

³ The views of Lloyd and Pineau are summarized in Document 140.

⁴ See Document 140.

must persist. Hopes West can make constructive proposals and take initiative away from Soviets. Re Rapacki Plan, some NATO countries say plan too limited to provide any secure basis. But he would like explain views Nordic countries. [2-1/2 lines of source text not declassified] Should limit and reduce conventional forces, so as to eliminate disparity between East and West. If after study these points should be put forward, would be constructive initiative. Soviets scored point on test suspension. Asked Secretary what countermeasures are possible. Disarmament problem complex but might be possible start with limited measures and go on by stages. Denmark supported disarmament proposals by Western Four last August,⁵ and does not believe UN should be abandoned as organ for dealing with disarmament matters.

4. Smith (Canada) said exchanges of letters with Soviets has not led us closer to agreement. Need establish basis for confidence but Soviets do nothing to increase confidence. Cited Soviet veto US Arctic proposal.⁶ Praised coordination in Permanent Council as of great value to Canada and to unity whole Alliance. Soviet letters need quick responses and NATO consultation should not slow up such responses. NATO must be prudent and not take Soviet pronouncements at face value, but Soviets may really want relax tensions. NATO must not jeopardize its security. Soviet initiatives having profound effect Western public opinion. Western governments must show patience and sometimes "roll with punch". Mentioned Diefenbaker's⁷ views on desirability nuclear test suspension under international supervision. Thought Western disarmament package might be broken up to some extent. Welcomed US proposal on Arctic zone.

5. Smith then turned to discussion relation between preparations for possible summit and NATO military planning. Canada fully agreed December HG decisions on NATO's need achieve most effective pattern defense, with availability most modern weapons. Like Lloyd he assumes NAC will in due course be seized with questions NATO stockpile and IRBM's, bilateral negotiations on which are under way. NATO must keep these decisions and their timing under continuing political review. Flexibility must be maintained otherwise opportunity for substantive agreement might be lost. NATO strategy and defense is basic to possibility of meaningful negotiations with Soviets, and Soviet leaders are aware NATO's determination take whatever measures are neces-

⁵ Regarding NATO support for disarmament proposals of the four Western powers, see Polto 310 from Paris, August 2, 1957; telegram 1162 from London, August 15, 1957; and Dulles' memorandum to Stassen, September 27, 1957, in *Foreign Relations, 1955-1957*, vol. XX, pp. 687, 705, and 723, respectively.

⁶ See footnote 2, Document 137.

⁷ John G. Diefenbaker, Prime Minister of Canada.

sary. We have thus placed ourselves in favorable negotiating position. First steps toward relieving tensions may have been small ones. [2-1/2 lines of source text not declassified] Supported UK ideas for agenda possible summit meeting. Hard see any possibilities for agreement with Soviets. Perhaps if a summit occurs it could be portrayed as second such meeting and group could be set up to examine possibilities of further agreements and report to future summit meetings. Stressed that present is time for complete unity and solidarity in NATO, as we approach negotiations with Soviets.

6. Remainder discussion third plenary session contained immediately following telegram.⁸

Dulles

⁸ Document 143.

143. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Copenhagen, May 7, 1958, 6 p.m.

Secto 33. Paris for USRO and Embassy. Ref immediately preceding telegram on 3rd plenary session NATO Ministerial Meeting May 6.¹

1. Lange (Norway) said since December main focus NAC work has been how break deadlock with Soviets, particularly on disarmament. From standpoint public opinion in NATO countries and uncommitted areas West must make clear willing adopt any reasonable procedure to have real negotiations with Soviets. Glad three powers have begun diplomatic discussions with Soviets and are showing flexibility. Said could see at some stage desirability "dialogue" between two powers (meaning U.S. and USSR) if this would elicit real intentions of Soviets. Idea summit meeting has caught imagination peoples of world and pressure for it will increase in months ahead. Norway supports

Source: Department of State, Central Files, 396.1-CO/5-758. Secret. Repeated to Paris and pouched to the NATO capitals and Moscow.

¹ Document 142.

Western Four disarmament proposals, but package perhaps too comprehensive and too complicated explain as a package. Agreed with Lloyd time has come consider breaking it up. It was good idea take U.S. Arctic zone proposal out of package and propose it separately. Another measure that may be ripe for singling out is to suspend testing after U.S. and U.K. complete present series tests. Soviets could then be pressed on control and cessation production. European security another problem at forefront. Norway agrees necessity keep German reunification in freedom as major policy aim. But does not seem necessary exclude all security measures in Europe unless solution reunification problem achieved at same time. Agreed with Hansen there is good reason consider possibility of limiting military action in certain areas Central Europe. But must not upset security balance or create special status for one member of Alliance. West must use imagination in developing proposals that will appeal public opinion. Agreed with Lloyd any such proposals must not be based on distinction between atomic and conventional weapons. To single out nuclear weapons would give advantage to Soviets. We do not know whether Soviets want relaxation. Must probe intentions. In view slackening of economic activity in West, Soviets may be tempted put off summit meeting for several months or year until West in crisis and Soviet negotiating position stronger. If West wants good posture at FM or summit meeting, must agree on coordinated ways set our economics on road renewed expansion. Soviets will not negotiate seriously if they can split NATO unity. Norway attaches greatest importance to work Permanent Council in coming months, in order reach agreed negotiating posture. Must maintain military strength. Need new ideas and initiatives in political field, in order not just react to Soviets. Norway not satisfied by work of NATO preparatory committees to date. Permanent Council must weigh conclusions of committees from political standpoint. Agreed with Smith NATO must consider implementation defense measures in light progress toward solution outstanding issues.

2. Cunha (Portugal) said negotiations with Soviets number one problem. Does not have any hopes for results but West in situation where must do all in power demonstrate we intend go to summit if careful preparation made. Opposes parity but we should not take rigid position now, as we may have accept satellites or appear have caused failure summit meeting.

Re agenda, should include disarmament and German reunification. Need more continuous consultation in Permanent Council. More imagination needed, such as U.S. Arctic proposal, which excellent. Must maintain our defenses. Supported increased economic cooperation.

3. Larock (Belgium) agreed with those who now see more clearly dangers and difficulties of possible summit meeting. In view what we know of Soviet intentions, cannot expect any success from such a meet-

ing. Khrushchev wants consolidate Soviet power and appear as champion of peace. "Illusory expect real negotiations from him." Read excerpts from long report from Belgian Amb Moscow reporting talk with Khrushchev, in which latter dwelt on U.S. "provocations" and made absurd charges.² Permanent Council must establish common position on issues that would be discussed at summit. Vis-à-vis world public opinion West should say we want a well-prepared summit but that Soviets must make such a meeting possible. West must stress control of armaments, which is strong position for West but weak one for Soviets.

4. Spaak summed up discussion as follows. Little enthusiasm shown in discussion for summit but we are being led there by Soviets. There is pressure by Western public opinion; however much less in U.S. than in Europe. Some pressure abandon status quo and show imagination. However, we should not say unkind things about status quo, which has preserved peace and freedom in NATO area. Precarious balance better than no balance at all. Recently Soviets losing some of propaganda advantage. Clear that Khrushchev wants *tete-a-tete* with President Eisenhower, for internal and external prestige reasons. Khrushchev knows now he cannot have badly-prepared summit and he probably less desirous having summit at all. Spaak worried by German position. Soviet and Western positions entirely divergent. Soviets won't discuss at summit. Can West accept such position? No, must decide how state and present German question. West's political and legal position strong, in view 1955 Geneva decisions. Must not allow Geneva to be cancelled. At same time must avoid having Western public opinion say German question prevents progress on disarmament and European security. Spaak suggested first West should make clear what it not prepared do. We not prepared reduce our forces and upset military equilibrium. Can't accept policy leading to withdrawal U.S., U.K. and Canadian forces from Europe. This would be fatal consequence Rapacki, Kennan Plans.³ "Disengagement" unacceptable. Cannot allow neutralization of Germany, which would also lead to withdrawal U.S. forces. Perhaps a summit meeting could be presented as a first attempt reach some agreement. Summit could be focused on disarmament. West should consider extracting some proposals from disarmament package, such as cessation testing. Spaak supported link between cessation testing and cessation of production. Noted possibility non-aggression pact not discussed by Ministers. Re participation, said Secretary's statement

²Not found.

³The ideas of George F. Kennan on disengagement in Central Europe were presented in the Reith Lectures in London in late 1957. Kennan's account of these lectures and the reactions to them are contained in his *Memoirs, 1950–1963*. He initially published his proposal in his book, *Russia, the Atom, and the West*.

on parity correct but perhaps some extension participation would have been accepted. But West should not accept participation neutrals, which would only encourage and seem reward neutralism. Asked Ministers to think about what should be said in communiqué. Meeting adjourned until 4 p.m.

Dulles

144. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Copenhagen, May 7, 1958, 1 p.m.

Secto 37. Paris for USRO and Embassy.

1. Fourth plenary session opened 4 p.m., May 6 with Spaak in chair.¹

2. Pineau summarized Soviet agenda proposals as contained in USSR note delivered to DeJean. Apparently identical with those in Tosec 31.²

3. General tone and contents of communiqué then discussed in informal session with no verbatim record. Secretary stressed communiqué would be most important act of meeting and that it should be effective declaration and recalled all Ministers seemed to feel stronger, clearer public opinion required.

4. Lloyd presented personal suggestions leading with observation Soviets have been put somewhat on defensive in past few weeks and we would risk losing this advantage if tone was too violent. Suggested stressing growth of political consultation within Alliance. Economic matters should be mentioned while making clear NATO not an instrument of economic action but a way of seeing that there is economic cooperation within Atlantic Community. Point should be made that deterrent depends not only on capability for strategic air strike but also on shield and on our determination to meet aggression. He next suggested

Source: Department of State, Central Files, 396.1-CO/5-758. Secret. Transmitted in two sections. Repeated to Paris and pouched to the NATO capitals and Moscow.

¹ The verbatim (C-VR(58)34) record of this session, dated May 6, is *ibid.*, Conference Files: Lot 63 D 123, CF 1000.

² Regarding the Soviet note, see footnote 10, Document 140. Tosec 31 to Copenhagen, May 5, concerns unrelated matters.

reference to interdependence in military field and to progress in coordination military research and production. Communiqué should point out that NATO countries have duties and responsibilities to rest of world not just to Europe. Something should be said about the summit and the need for proper preparations. Detailed discussion of substance inappropriate but disarmament, European security, and Germany should be mentioned as summit agenda items. No need to mention disengagement though it might be discussed privately by Ministers on following day. Finally it should be stressed that summit not only place to do business and we are ready to enter into negotiations at other levels.

Smith supported desirability of positive tone avoiding recrimination. Thought reference to economic cooperation should also be positive in spirit. Expressed unwillingness to say now we would not accept principle of parity since not really clear what Soviets mean by parity. Referred to importance of inspection and control for all measures of disarmament. Suggested the NATO technical advisory group on disarmament set up following December Heads of Government meeting might begin study of inspection measures even though Russians refused to join in United Nations studies. NATO group might undertake pilot inspection project in the Arctic or possibly in Europe.

Lange agreed that communiqué should refer to progress in political consultation, to economic matters, and to summit but questioned other Lloyd items because not discussed in this meeting. Agreed main problems for summit would be disarmament, European security, and problem of Germany although last would have to be carefully phrased. Supported Smith suggestion of inspection studies by disarmament technical group and suggested possibility of offer to USSR to join in.

Zorlu stressed need for balanced communiqué. USSR has not changed and we should not enter negotiations expecting good faith on other side. We must keep up our defense effort. Communiqué must restate the danger and the need for continued military, economic and political efforts, mentioning summit as only one possibility of no greater importance than other steps to be taken by Alliance. Summit is effective phase of Soviet peace offensive. Western concessions to Soviet Union at summit would have undesirable effect on public opinion, particularly in Asia and Africa. These other areas are watching for signs of shift in power balance and are just waiting to join the stronger side. We should not show ourselves too ready to make concessions. Expressed relief that Von Brentano has clarified German position on German reunification and summit agenda. Concluded we must not expect anything from summit and thus we should not pay a price to go to the summit.

Smith said that we should try to put across idea that summit meeting would be summit number 2. We might thus decrease extraordinary, fantastic hopes of many people and avoid subsequent letdown. If we en-

visage subsequent summit meetings then only a little headway on some items need be expected. Some machinery of diplomatic activity might be set up to go on between summit meetings.

Pineau said that he thought the communiqué might take following 7 points:

- 1) Strengthening political unity of Alliance.
- 2) We move toward summit or toward any other negotiations with Russians in perfect unity. We should note recent hard Soviet attitude and express regret that it hinders progress.
- 3) We are flexible as to procedure but cannot renounce principles of UN Charter. Pineau thought this best way to deal with parity question.
- 4) Inspection and control are essential for any partial or total disarmament.
- 5) Cessation of nuclear tests is inseparably linked to stopping production of nuclear weapons materials under effective controls.
- 6) No agreements should be reached which would imperil security of Alliance or prevent German reunification. Former point refers to presence U.S., UK and Canadian troops on Continent and latter was commented on by Pineau as proper way to deal with German reunification in communiqué.
- 7) Economic cooperation.

Secretary said he liked many of suggestions made. Urged particularly emphasis on remarkable achievement of making NATO a focus for peace-time consultation among independent nations.

Suggested discussion of economic cooperation might look beyond Europe. He recalled the higher tariffs, quotas, and other nationalistic moves of early 1930's which in Japan and Germany were contributing causes to World War II. Important maintain liberal economic policies on world-wide basis not just within NATO. Otherwise economic nationalism may result and lead again to political nationalism.

Suggested reaffirmation of support of NATO military strategy and MC-70 as endorsed by Defense Ministers. Point should be made again that NATO is more than a military alliance. Soviet Union accuses us of being aggressive military bloc and says all foreign troops in Europe are bad. Actually Alliance such as NATO is instrument for applying collective security on international basis just as individuals rely on collective security within each country: of course collective security should be universal but Soviet Union has blocked this in United Nations. We must reiterate that collective security is modern enlightened way for nations to protect themselves. We must not let neutrals believe Western collective security alliances are aggressive but instead show that they are natural and right.

Secretary said it is totally false to feel one can only negotiate at level of heads of government. There are many ways to negotiate and any one who refuses to negotiate elsewhere is putting obstacles in way of normal

manner for nations to do business. It is thus Soviet Union which is blocking preparations for summit. However, in summit preparations we have to some extent given encouragement to dangerous popular expectation of substantive decisions at summit. 1955 Geneva meeting was not intended to solve problems but only to formulate directives to Foreign Ministers to work out solutions. This time matters have been turned around and preparatory talks are trying to identify for prior foreign ministers meeting matters on which decisions might be taken by heads of government. Secretary said little progress so far in talks. They should continue for while but seems unlikely we will find any matters on which agreement can be reached unless the West reverses its positions. Perhaps it will prove necessary to return to approach of 1955 summit meeting. Time is coming when we will have to decide what the nature of a summit meeting will be if there is to be one.

Pella said he thought Pineau's list and Lloyd's arguments could be conveniently combined. Agreed that nature of deterrent should be reiterated. Statement on economic cooperation should be limited to need for liaison between economic organs of Atlantic Community.

Spaak said staff had sufficient guidance for drafting communiqué except on proposal for technical disarmament studies. He asked whether intent was to invite Russians to join. Lange recalled Eisenhower letter of April 8 pointed out such invitation would simply endorse what US had more than once said to Soviet Union with negative response.³ Smith said his thought was that NATO should go ahead in face of Soviet rejection. A specific study of Arctic inspection zone or European area might be undertaken. This would be a positive note in communiqué. Secretary asked whether practical effect would be to activate technical advisory group called for at December NATO meeting. Smith said that while committee work might be the start he hoped that a pilot inspection project might develop.

Spaak stated will have draft communiqué for distribution to delegations 8:30 a.m. following morning. Every effort would be made to avoid press leaks of communiqué. Spaak said press briefing today would be confined to statement Ministers held confidential discussion of essential problems facing NATO.

[5 lines of source text not declassified] Ministers and Permanent Representatives meet in private without staff at 10:30 Wednesday to discuss Middle East and the draft communiqué.

Dulles

³ For text of Eisenhower's April 8 letter to Khrushchev, see Department of State *Bulletin*, April 28, 1958, pp. 679–680, or *Documents on Disarmament, 1945–1959*, vol. II, pp. 982–985.

145. Telegram From Secretary of State Dulles to the Department of State

Copenhagen, May 6, 1958, 9 p.m.

Dulte 9. Eyes Only Acting Secretary for President from Secretary.

Dear Mr. President: We have finished the second day, our labors being interrupted by a very pleasant luncheon given by the King and Queen¹ at one of their country places. They both sent their remembrances and best wishes to you. The day was largely spent in further exchanges of views about a possible summit conference, and also with views as to what should be in our final declaration. Plenty of views were expressed but it may take a stroke of genius to make anything coherent out of them.

[1 paragraph (17 lines of source text) not declassified]

I go to dinner now with Ambassador Thompson, who has just gotten here from Moscow bringing the latest tidings. Selwyn Lloyd is joining us for dinner and also Laloy of the French Foreign Office.

Faithfully yours, Foster.

Dulles

Source: Department of State, Central Files, 396.1-CO/5-658. Secret.

¹Frederik IX and Ingrid.

146. Telegram Secto 49 From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Copenhagen, May 7, 1958, 11 p.m.

[Source: Department of State, Central Files, 396.1-CO/5-758. Secret. 3 pages of source text not declassified.]

147. Memorandum of Conversation

USDel/MC-28

Copenhagen, May 7, 1958.

UNITED STATE DELEGATION TO THE 21ST MINISTERIAL
MEETING OF THE NORTH ATLANTIC COUNCIL

Copenhagen, Denmark, May 5-7, 1958

PARTICIPANTS

United States

The Secretary

United Kingdom

Foreign Secretary Lloyd

SUBJECT

United Kingdom Support Costs in Germany

Mr. Lloyd brought up the question of support costs. He said that they were going to carry through at the 55,000 level through this calendar year but that unless some more money could be found somewhere they would have to begin on the first of the year to cut down to the 45,000 level and that the decision in this respect would have to be taken sometime between July and October at the latest. He hoped very much that perhaps some way could be found for the U.S. to help the U.K. out financially so that they could keep to the 55,000 level.

The Secretary replied that this was primarily a matter for Defense and that he did not think that the State Department could possibly get from Congress any additional funds for this purpose. The Department might even be criticized for not having pressed hard enough to get funds of our own from the Germans for the current year. The Secretary said that it might perhaps be possible for the Defense Department to squeeze out some money in respect of certain aspects of their program with resultant benefit to the U.K., but that he could not speak in any way for Defense in this respect. The Secretary said that we would raise the problem with them when he got back, but that he could do no more.¹

Source: Department of State, Conference Files: Lot 63 D 123, CF 1013. Secret. Drafted by Secretary Dulles. The meeting was held in Council Room II of the Christiansborg Palace.

¹ In subsequent negotiations between Burgess and Frank Roberts, British Permanent Representative to NATO, the United States agreed to make available \$25 million for the mutual weapons development program in the United Kingdom for fiscal year 1958-1959 for projects offering promise of value to the Alliance. This financial assistance permitted the British Government to announce in mid-October that it would be able to maintain 55,000 British troops in Germany through calendar year 1959. Eisenhower's letter to Macmillan, July 19, authorized Burgess to discuss with Roberts "the problem of the financial gap and to see whether a solution to the problem can be found." (Eisenhower Library, Whitman File, International File) Documentation on these negotiations and the handling of publicity concerning the British announcement is in Department of State, Central File 740.5.

**148. Letter From President Eisenhower to Secretary of State
Dulles**

May 7, 1958.

[Source: Department of State, Central Files, 396.1-CO/5-758. Secret. 1 page of source text not declassified.]

**149. Telegram From the Embassy in France to the Department of
State**

Paris, May 9, 1958, 11 a.m.

Dulte 19. Eyes Only Acting Secretary for President from Secretary.

Dear Mr. President: I am now back in Paris after a heavy day yesterday which started out in Copenhagen, included several hours in Berlin and then dinner in Paris with Houghton and Norstad.

I feel that our NATO declaration¹ was good and in line with our thinking. Contrary to some press reactions the declaration took this form not under any pressure from me but quite spontaneously. If there was any pressure it came from Spaak.

Preceding the adoption of the declaration there was discussion about Iceland which indicated obvious tension. I hope that the result of the discussion will be that Iceland will move somewhat more deliberately and with less haste than had been planned.

This Iceland problem and the problem of maintaining the disarmament package unbroken were the two areas where there was difference underlying the unanimity expressed in the declaration.

The Berlin experience was very moving. The enthusiasm and good will of the Berlin people were clearly in evidence and the proceedings in

Source: Department of State, Central Files, 762A.00/5-958. Secret. Another copy of this telegram bears the initials "DE" in the President's handwriting. (Eisenhower Library, Whitman File, Dulles-Herter Series)

¹ For text of the final communiqué issued on May 7, see Department of State *Bulletin*, May 26, 1958, pp. 850-851.

the Rathaus at which speeches were made by the governing Mayor, the President of the Berlin Senate and myself were impressive.² It ended with us all standing in silence while the Freedom Bell was tolled. My reaffirmation of the Berlin Declaration of 1954 and the statement that it was made with your personal authority evoked extended applause.

On the flight from Berlin to Paris I studied a memorandum on disarmament which Adenauer had prepared for me giving his views.³ It shows I fear a rather disturbing lack of grasp of the realities of the problem. There is, I gather from Bruce, considerable dissension within the Cabinet on this matter and the Chancellor is somewhat a minority of one.⁴ However, in his case one overshadows the many.

Norstad has left for the Minnesota celebration which I shall join on Sunday.⁵ We had however a good talk last night about his problems.⁶

I am now about to attend our regional conference of Ambassadors⁷ with an interlude of a luncheon with Pineau which I fear will be more conducive to sleep than to work during the afternoon.

Faithfully yours, Foster.

Dulles

² Documentation on Dulles' visit to Berlin on May 8 is in Department of State, Conference Files: Lot 63 D 123, CF 1014.

³ Reference is apparently to a memorandum prepared by Chancellor Konrad Adenauer of his conversation with David K.E. Bruce, Ambassador to Germany, on May 6. (Department of State, Central Files, 396.1/5-658)

⁴ Bruce presumably briefed Dulles on the views of the German Government during the Secretary's visit to Berlin, but no record of their conversation has been found.

⁵ Dulles attended the centennial celebration of Minnesota statehood beginning on May 11.

⁶ No record of this conversation has been found.

⁷ See Document 21.

150. Memorandum of Conversation Between President Eisenhower and Secretary of State Dulles

May 12, 1958.

1. I reported briefly on the Copenhagen Conference, making two particular points:

(1) That the passion for a Summit conference seemed to have cooled down and that it was now being appraised as something to be judged on its own merits rather than as something which emotionally must be accepted;

(2) The strong feeling of the Europeans that we should not "break the package" to the extent of disassociating nuclear from conventional armament.

The President indicated that while he thought that from the standpoint of the United States, and indeed of the world, the elimination of nuclear weapons, if it could be accomplished, would itself be a great step forward, probably we should take account of European sensibilities in this matter.

2. I spoke briefly of my trip to Berlin and of the stimulating atmosphere, and also of my stop in Paris and the talk with Faure about Algeria.¹

[Here follows discussion of unrelated matters.]

JFD

Source: Eisenhower Library, Dulles Papers, Meetings with the President. Secret; Personal and Private. Drafted by Secretary Dulles.

¹ A memorandum of conversation between Secretary Dulles and Maurice Faure, French Secretary of State for Foreign Affairs, May 10, is in Department of State, Conference Files: Lot 63 D 123, CF 1016.

151. Telegram 6147 From the Embassy in France to the Department of State

Paris, June 24, 1958, 7 p.m.

[Source: Department of State, Central Files, 740.5/6-2458. Secret; Priority; Limited Distribution. 3 pages of source text not declassified.]

152. Memorandum of Conversation

Paris, July 5, 1958, 6 p.m.

SUBJECT

Report to Mr. Spaak on Conversation with General de Gaulle

PARTICIPANTS

The Secretary

Mr. Paul Henri Spaak, Secretary General, NAC

Ambassador W. Randolph Burgess, U.S. Representative, NAC

C. Burke Elbrick, Assistant Secretary of State

Following his conversation with Foreign Minister Couve de Murville earlier in the afternoon,¹ the Secretary received Mr. Spaak at the Embassy residence. At this meeting the Secretary went over much of the ground covered in the morning conference with General de Gaulle with particular reference to de Gaulle's conception of the role which France should play in world affairs.² He said that we may have some difficulties with General de Gaulle in the future, citing the General's firm intention of gaining for France a dominant role in world affairs. He said that he had informed the General it was possible in times past for two or three countries to set themselves up to run the world but this was no longer the case. While there is room for France to exert more influence, this can only be done if confidence in France is restored as a result of economic and financial reforms and a settlement of the Algerian problem.

The Secretary said that the General had expressed the thought that the NATO area should be enlarged to include North Africa and the Middle East and that the command structure of NATO should be revised. The Secretary had said that it was not through a revision of the command structure but through increased consultation and persuasion that France should exercise its influence. NATO must be more than a mere military alliance. It is not an easy thing to increase consultation with our NATO partners to the extent which we have in the recent past, particularly because it reduces one's maneuverability and freedom of action. Nevertheless, the Secretary continued, it is our considered view that consultation of this nature is essential. While he had so informed General de Gaulle, he did not feel that he had made an immediate convert.

Source: Department of State, Central Files, 611.51/7-558. Secret. Drafted by Elbrick. The meeting was held in the U.S. Embassy Residence. A chronology of Dulles' trip indicates the time of the conversation. (*Ibid.*, Conference Files: Lot 63 D 123, CF 1036)

¹ Dulles was in Paris July 3–5 for talks with French leaders; see Part 2, Document 33.

² See Part 2, Document 34.

As for de Gaulle's emphasis on a "triumvirate" the Secretary had pointed out the dangers of such a course. He thought that de Gaulle was apt to take the Germans, particularly, for granted. Certainly nothing of the nature of "tripartism" should be established as a formal institution.

General de Gaulle had deprecated recent achievements and trends in the supra-national field. However, he had been calm and on the whole the Secretary felt that he had demonstrated great wisdom. He was not in any sense arrogant, but rather inclined to be conciliatory. The Secretary felt that while we may have our awkward moments with the General, on the whole it is very fortunate that he has been called to his present position.

[1 paragraph (11 lines of source text) not declassified]

The Secretary had placed some emphasis in his conversation with de Gaulle on the subject of Germany. He said that he could envisage three roles for Germany: 1) as a part of the Soviet orbit; 2) as a neutral; and 3) as allied with the Western countries. The first is out of the question and the second would leave Germany free to blackmail both sides. Our only course, therefore, is to see that Germany is tied closely to the West and to pursue our objective of achieving German reunification. General de Gaulle, however, had indicated that the continued division of Germany would not bother him particularly.

Spaak said that despite the fact that there may be awkward moments in our dealings with de Gaulle, the General was the only chance for France. He felt that we must be patient while the General "reconciled himself with realities". Spaak wondered what influence, if any, people like Mollet, Pinay and Pflimlin have on the General. He spoke particularly of the recent reply to Khrushchev's note.³ The Secretary said that this may put the United States in a difficult position. There are responsible persons in the United States who think that we have advanced to the point where we should suspend testing. If nothing is done on this subject before the United Nations General Assembly meets in the Fall we may be under some pressure at that time. The British are now in favor of suspending testing because of the recent amendments to the Atomic Energy Act.⁴ Spaak said that he supposed that the French would wish to be excluded from any proposals for a suspension in view of their announced intention to proceed with a nuclear program.

Spaak mentioned the new Soviet proposal regarding the technical talks on the question of surprise attack.⁵ The Secretary said this pro-

³ Not further identified.

⁴ See footnote 1, Document 137.

⁵ This Soviet proposal is contained in Khrushchev's July 2 letter to President Eisenhower, which is printed in Department of State *Bulletin*, August 18, 1958, pp. 279-281, or *Documents on Disarmament, 1945-1959*, vol. II, pp. 1084-1087.

posal held some promise though there are certain aspects that are unacceptable. For example, the proposal presupposes a summit meeting. We would welcome a study since we felt that there was no other way to bring about a reduction of armaments except through measures that would guard against surprise attack. For one thing, it would save the United States a great deal of money. At the present time the Strategic Air Command is on a 15-minute alert.

Spaak said that the Soviet antics have been extraordinary lately but he failed to understand their motives. The Secretary said that the situation in Eastern Europe obviously worries the Soviet Union which believes that a summit meeting, if it should be held under conditions acceptable to the Soviet, would show that the West accepts the status quo.

With respect to the Lebanon, the Secretary said that there is a probability that the situation may be worked out without Soviet intervention. Intervention, he said, could have disastrous consequences, particularly in peripheral areas such as Turkey, Iran and Pakistan. He very much hoped, therefore, that an internal solution is possible. The Secretary said that he expected to lunch with Hammarskjöld on Monday.⁶ [7 lines of source text not declassified]

⁶ Dag Hammarskjöld, U.N. Secretary-General, met with Secretary Dulles at the Department of State on Monday, July 7, 1:20–3:20 p.m. (Princeton University Library, Dulles Papers, Daily Appointment Books)

153. Memorandum of Conversation

Paris, July 5, 1958.

SUBJECT

Secretary's Meeting with de Gaulle—Nuclear Stockpiles and NATO

PARTICIPANTS

M. Louis Joxe, Secretary General of the French Foreign Office
Mr. Matthew Looram, WE

At the Embassy Residence before dinner on the evening of July 5, Mr. Looram raised with M. Joxe two of the questions that had arisen during the Secretary's meeting with General de Gaulle that morning.¹

Source: Department of State, Central Files, 611.51/7-558. Secret. Drafted by Looram.

¹ See Part 2, Document 34.

Mr. Looram stated that as he had understood the conversation, General de Gaulle had made it clear he would insist on the French having control over the custody and disposition of all nuclear weapons located on French soil and that this would apply to weapons that might be stored in France for the NATO stockpile or to weapons possibly stored in France for the use of United States forces. The U.S. would share in the control, but our role would presumably be secondary. M. Joxe confirmed this understanding; he said it was perhaps better to say France would insist on "primary responsibility" for custodianship and disposition of the weapons. Under these circumstances, Mr. Looram pointed out, given the limitations of U.S. legislation which precluded us from turning over weapons to foreign powers,² it would be absolutely impossible to have any nuclear weapons stored in France. He hoped that this was fully understood by the French authorities. M. Joxe stated that he understood this, however, he thought that the important thing was to make General de Gaulle feel that France was playing a significant role in world strategy. If he had this feeling, M. Joxe thought that other matters, such as this nuclear problem, could probably be satisfactorily resolved.

Mr. Looram asked what General de Gaulle had in mind when he talked of extending the NATO area to the Middle East. It was difficult to conceive just how this could be done, given the many problems, to name Egypt but one. M. Joxe admitted that it was difficult to explain de Gaulle's concept in detail and how it could be put into effect, but he thought that the over-all concept had merit.

² The Atomic Energy Act of 1954, as amended on July 2, 1958, permitted the transfer of special nuclear materials to foreign nations that had made substantial progress in the development of atomic weapons but prohibited the transfer or export of actual atomic weapons to foreign nations. (72 Stat. 276)

154. Editorial Note

At its 373d meeting on July 24, the National Security Council agreed to NSC 5810/1, "Basic National Security Policy," which the President approved on July 28. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council) A memorandum of discussion on this subject at the July 24 NSC meeting and the text of NSC 5810/1 are scheduled for publication in volume III. The fifth sentence of paragraph 18 of NSC 5810/1 reads as follows:

"The United States should consider the long-term development of a NATO nuclear weapons authority to determine requirements for, hold

custody of, and control the use of nuclear weapons in accordance with NATO policy and plans for defense of NATO areas."

On August 14, Acting Secretary of State Herter wrote a letter to Secretary of Defense McElroy in which he suggested "that the Defense and State Departments should, together with the Atomic Energy Commission, undertake a responsible study of the feasibility and desirability of establishing a NATO nuclear authority, along the lines set forth in NSC 5810/1." He also noted that Gerard Smith, Assistant Secretary of State for Policy Planning, would be the Department's representative for this study. (Department of State, Central Files, 740.5/8-1458) Deputy Secretary of Defense Quarles' reply to Herter, August 30, has not been found, but Herter's letter to Quarles, September 16, noted Quarles' agreement to the study and the designation of Lieutenant General Alonzo P. Fox, Special Assistant to the Secretary of Defense, as the Defense representative on it. (Eisenhower Library, Herter Papers) Attached to this letter is a copy of Herter's letter to John A. McCone, Chairman of the Atomic Energy Commission, September 16, requesting his cooperation in this study.

No subsequent documentation on the activities of this study group has been found. As late as August 13, 1959, the minutes of a Policy Planning Staff-JCS Joint Staff Meeting on the subject of the status of planning for NATO nuclear authority noted: "Those present were unaware of any current planning on this subject." (Department of State, PPS Files: Lot 67 D 548, State-Defense Relationships)

The study group, if it ever met, was apparently superseded by the actions of the National Security Council. At its 415th meeting on July 30, 1959, the National Security Council adopted NSC 5906/1, "Basic National Security Policy," which the President approved on August 5. (*Ibid.*, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council) NSC 5906/1 superseded NSC 5810/1. Paragraphs 24-a and -b of NSC 5906/1 noted that the United States should discourage the development or acquisition of nuclear weapons capabilities by additional nations, but if that did not succeed and if the President determined that it was in U.S. security interests to do so, "the United States should enhance the nuclear weapons capability of selected allies by the exchange with them or provision to them as appropriate of (1) information; (2) materials; or (3) nuclear weapons, under arrangements for control of weapons to be determined." The next subparagraph stated that "the United States should now urgently consider within the Executive Branch plans for the development of NATO arrangements for determining requirements for, holding custody of, and controlling the use of nuclear weapons." The memorandum of discussion of the NSC meeting on this subject, July 30, 1959, and the text of NSC 5906/1 are scheduled for publication in volume III.

155. Telegram Polto 670 From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, September 12, 1958, 8 p.m.

[Source: Department of State, Central Files, 711.56341/9-1258. Top Secret; Priority; Limit Distribution. 3 pages of source text not declassified.]

156. Memorandum of Conversation

New York, September 26, 1958.

SUBJECT

Current NATO Problems

PARTICIPANTS

The Secretary of State¹

General Lauris Norstad, Supreme Allied Commander, Europe

Mr. Joseph N. Greene, Special Assistant to the Secretary of State

Mr. Ray L. Thurston, SHAPE/L

The conversation opened with a review of French problems. The Secretary referred to the communication he had just received from General de Gaulle in which the latter proposes the establishment of a mechanism of consultation between France, the U.S. and the U.K. on problems throughout the world, and the extension of the area to be covered by the NATO Treaty to African and Asian areas as far as the Indian Ocean.² The Secretary wondered exactly what General de Gaulle had in mind, particularly since there were no French territories in these regions. General Norstad said that he did not believe that de Gaulle had really given any thought to the implications of his proposal and that, given the kind of relations that existed between de Gaulle and his subordinates, it was doubtful that the latter would be able to throw any real light on how

Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. Drafted by Thurston on September 29. The meeting was held at the Waldorf Astoria.

¹ Dulles was in New York to give a speech.

² See Part 2, Document 45.

General de Gaulle planned to work this matter out. General Norstad expressed the view that any attempt to extend NATO responsibilities along the lines suggested by General de Gaulle would seriously weaken NATO which, as now constituted, affords a strong community of interest.

There was some discussion of the Secretary's talks with de Gaulle of last July,³ [4 lines of source text not declassified]. The Secretary asked how the Adenauer–de Gaulle conversations⁴ had gone, and General Norstad replied that, from the information available to him, they had gone very well indeed.

The Secretary related recent conversations with the British in which they had taken the position that they would maintain their force levels in Germany at the 55,000 level in 1959 with the understanding that in 1960 they would have to reduce to 45,000.⁵ The Secretary asked General Norstad's opinion on this question. The General replied that in his view to agree to the formula offered by the British would be just as bad from the viewpoint of the NATO military effort as agreeing to an immediate reduction to 45,000 men. The General strongly expressed the hope that we would not make a commitment to the British on this point, and that the question of British troop levels in 1960 be kept open for review at a later date.

General Norstad brought up the subject of Cyprus, and recounted his recent trip to Turkey and Greece and his talks with the military and political leaders there.⁶ He said that he thought the Cyprus question had now reached a truly critical stage and hoped that the United States would take a strong hand in reaching a solution. The Secretary alluded to past efforts on the U.S. side to help out in this matter and to our continued willingness to mediate in this problem, if the parties directly concerned would agree to our playing this role. He indicated that uppermost in his mind at this time was the critical importance of our relations with the United Kingdom, and that this had to be taken into account in connection with any U.S. initiatives on the question of Cyprus. While agreeing with the Secretary that whatever was to be done would have to be worked out in cooperation with the British, General Norstad concluded by again expressing the hope that we would move in on this one urgently.

³ See Part 2, Document 33.

⁴ At de Gaulle's invitation, Adenauer came to France on September 14 to discuss questions of common interest to the two nations. For Adenauer's account, see *Erinnerungen*, pp. 436–439; for de Gaulle's account, see *Mémoires*, pp. 184–190.

⁵ See Document 138.

⁶ Norstad visited Turkey and Greece in late August. No record of his talks with military and political leaders there has been found in Department of State files.

157. Memorandum of Conversation

MC-9

Boston, September 27, 1958, 5:30 p.m.

SECRETARY'S TRIP TO BOSTON

PARTICIPANTS

United States

The Secretary

Ambassador Burgess

Mr. Greene

Mr. Compton

NATO

Secretary General Paul Henri

Spaak¹

M. St. M'leux

SUBJECT

General de Gaulle's views on NATO

M. Spaak told the Secretary that General de Gaulle had given him a copy of the memorandum which the General had sent to President Eisenhower and Prime Minister Macmillan on September 17.² M. Spaak expressed his concern that if de Gaulle presses his proposal it will be the end of NATO. The Italians and Germans would not tolerate it. M. Spaak thought it important to raise for discussion some of the issues General de Gaulle presented but he heartily disagreed with the idea of trying to revise the North Atlantic Treaty. Also he wholly disapproved of the idea in the de Gaulle memorandum of injecting the military standing group into what should be political consultations—if any.

The Secretary said he had found in general one good element and one bad in the de Gaulle memorandum. Since it is a fact that the ability of the United Nations to deal with serious issues is deteriorating with the proliferation of membership, it is legitimate for the members of NATO to consider how best they may deal with such issues, on a global basis. Consultation within NATO, of the sort which M. Spaak had just been discussing, and the contacts which M. Spaak had initiated with his counterparts in other regional organizations, might be viewed in this context. But the idea of a "world directorate" comprising the United States, Britain and France is wholly unacceptable to the United States.

Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret; Presidential Handling. Drafted by Greene. The meeting was held at the Sheraton Plaza Hotel.

¹ Spaak paid an unofficial visit to the United States September 26–28. He and Secretary Dulles were in Boston to address the Atlantic Treaty Association on September 27. For texts of their speeches, see Department of State *Bulletin*, October 13, 1958, pp. 571–574, and October 20, 1958, pp. 607–611.

² Part 2, Document 45.

M. Spaak shared these views.

The Secretary noted that he had told Ambassador Alphan and Couve de Murville, as well as Selwyn Lloyd,³ that de Gaulle's memorandum raised serious issues which would have to be carefully studied in the United States Government. The Secretary said that he thought this study would take quite some time.

³ A memorandum of Dulles' conversation with Couve de Murville and Alphan is printed in Part 2 as Document 46. On September 26 at 11 a.m., Dulles met with Lloyd, informed him of the contents of de Gaulle's letter, and told him the United States wanted to consult with the United Kingdom about a reply. He asked Lloyd to send him the British views after speaking to Macmillan. (Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199)

158. Memorandum of Conversation

Boston, September 27, 1958.

PARTICIPANTS

M. Paul-Henri Spaak, Secretary-General to NATO
M. Andre Saint-Mleux, Assistant to the Secretary-General
Gen. Alden K. Sibley, U.S. Host to M. Spaak in Boston
The Secretary of State
Ambassador W. Randolph Burgess, U.S. Permanent Representative to NATO
Mr. Joseph N. Greene, Special Assistant to the Secretary
Mr. Arthur A. Compton, Special Assistant to the Director, EUR/RA

SUBJECT

Political Consultation in NATO

In the course of a conversation on a number of subjects of concern to NATO (reported on in a separate memorandum of conversation),¹ M. Spaak stressed the importance of further developing the practice of political consultation in NATO. He expressed appreciation for the great United States contribution to this activity during the past year, citing especially the United States statement on the Lebanon crisis as a good example of advance consultation.² Although M. Spaak felt that in the case

Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. Drafted by Compton on October 1. The meeting was held in the Copley Plaza Hotel.

¹ Presumably Document 157.

² Not further identified.

of the North Atlantic Council discussion on Lebanon general agreement had been reached that United States intervention might become necessary, it appeared later that not all NATO countries had the same impression.

M. Spaak said this leads to the question of the meaning of "diplomatic silence" on the part of other representatives, during discussions of important policy statements on the part of one or more North Atlantic Council members. If greater harmonization of important political policies of NATO Governments is to result, there must be fuller discussion in the North Atlantic Council. He said this was not an immediate but a long-range problem of considerable importance.

The Secretary commented that perhaps one problem in this connection was that many Permanent Representatives lacked authority to speak for their Governments on these issues. Ambassador Burgess pointed out that the North Atlantic Council discussion of the most recent United States statement regarding the Formosa Straits situation showed that when encouraged to do so many Permanent Representatives are prepared to speak up and a worthwhile discussion ensues.³

M. Spaak referred to the successful consultation in the North Atlantic Council regarding notes to the Soviets by member countries, again complimenting the United States on having submitted all its proposed replies to Soviet notes on matters of concern to NATO for consultation before their delivery. He recognized that speed was of the essence if such consultations were to continue successfully and said it now appeared possible to accomplish such consultation within a 48-hour limit.

The Secretary said the United States would see what could be done to make consultation more profitable, emphasizing other members must be prepared to speak up more frequently. He noted that in his recent talks with the Belgian Foreign Minister the latter did not appear to be fully familiar with the discussions which had been taking place in NATO.⁴

M. Spaak agreed improvement could be made in a number of countries to assure that information on NATO political consultations is made available to the highest officials in member Governments.

³ Reference is apparently to a statement released by the White House at Newport, Rhode Island, on September 20; see Department of State *Bulletin*, October 6, 1958, pp. 530-531. No record of NAC discussion of that statement has been found.

⁴ No record of a meeting between Dulles and the Belgian Foreign Minister has been found.

159. Telegram From the Embassy in Germany to the Department of State

Bonn, October 9, 1958, 7 p.m.

777. Ref: Deptel 3587 to London rptd 729 Bonn.¹ I have just seen Von Eckardt² after departure Macmillan.³ He told me that talks had gone off very well and that atmosphere had been cordial. Von Eckardt raised subject de Gaulle memorandum⁴ and said Chancellor was greatly concerned lest matter leak to press. [7 lines of source text not declassified] Von Eckardt stressed importance coordination statements to be made Washington, London, Bonn, Rome in event leak to press. British Under Secretary State Information Ralph Murray arriving Bonn Friday connection forthcoming Heuss visit London⁵ and Von Eckardt plans discuss matter with him. Said that Chancellor planning send personal letter de Gaulle immediate future stressing and explaining his concern implications and consequences proposals. Macmillan told Chancellor he instructing Ambassador Jebb Paris suggest to de Gaulle he write another letter Spaak setting forth his ideas with regard extension area and scope NATO and omitting reference concept tripartite directorate. Macmillan felt this move might obviate necessity reply by British and ourselves to original letter, particularly with regard latter point which both acceptable [*unacceptable*] and explosive.

I feel Von Eckardt's recommendation re coordination lines public statements in event press discussion well founded and would like suggest this be done soonest Washington. Although Von Eckardt did not mention French, consider equally important Paris be prepared make statement consistent with line followed by four other capitals.

Von Eckardt's comments, which undoubtedly reflect Chancellor's views, confirm importance we avoid reacting to de Gaulle memorandum in way which would lend credence to idea we prepared grant French special position comparable with that enjoyed by British. Even

Source: Department of State, Central Files, 740.5/10-958. Secret; Niact; Limit Distribution. Repeated to London, Paris, and Rome.

¹ Telegram 3587 to London, October 8, summarized an informal discussion with British Embassy officials in Washington regarding de Gaulle's memorandum on the reorganization of NATO. The discussion explored courses open to the United States and the United Kingdom but no commitments were made. (*Ibid.*, 740.5/10-858)

² Felix von Eckardt, Head of Press and Information Department, Federal Republic of Germany.

³ Macmillan visited Bonn October 8–9 for informal discussions with Adenauer on matters of common concern.

⁴ Part 2, Document 45.

⁵ Dr. Theodor Heuss, President of West Germany, visited the United Kingdom October 20–22, 1958.

semblance justification such suspicion could cause grievous damage to German attitudes and relations with French and ourselves.

For this reason I believe we should avoid substantial interim reply de Gaulle even along lines suggested by British, which might be taken by Germans imply our willingness discuss, in sense proposed by French, many problems raised by basic revision NATO. On other hand, I see danger allowing matter rest too long without some reaction by us, since Germans would tend suspect secret consultation behind their backs, and whole issue might be aired public press with unhappy consequences. Therefore, I support suggestion informal tripartite meeting Washington in fairly near future, as means opening de Gaulle's eyes major problems and dangers inherent his proposal. From our viewpoint, condition success such meeting would be full confidential briefing Germans (as well as Italians)⁶ on discussions and that French be aware this.

Bruce

⁶ See Part 2, Document 50.

160. Letter From Secretary of State Dulles to Secretary General of the North Atlantic Treaty Organization Spaak

October 10, 1958.

MY DEAR FRIEND SPAAK: I have reread several times your statesmanlike speech at Boston. I have put a copy in the hands of President Eisenhower for him to read.¹ It is significant in relation to the De Gaulle thinking.

I feel that some of your reflections are more pertinent to the European members of NATO than to the United States. The United States, at least in recent years, has seen the problem as world-wide and has attempted to deal with it on this basis. I recall that in 1949, when the North Atlantic Treaty was before the United States Senate, I, then a private citi-

Source: Department of State, Central Files, 740.5/10-1058. Personal and Confidential. Drafted by Dulles and cleared by Elbrick. In a covering note attached to this letter, Dulles asked Burgess to deliver this letter to Spaak unless he had objections. Dulles added: "I think it would be well if you emphasize to him the desirability of treating my letter as personal and not one to be dealt with as an International Staff matter. It would be unfortunate if knowledge of my letter were at this stage to reach other governments." A handwritten notation on this note says that the letter was sent to Paris on October 11.

¹ See footnote 1, Document 157. No record of President Eisenhower's receipt of a copy of Spaak's speech has been found.

zen, testified in relation to it before the Foreign Relations Committee.² I pointed out then the great danger in drawing geographical lines to meet a threat that was world-wide. I expressed fear that doing this would encourage the Communists “to feel that they can do anything they like in the rest of the world” and that the Pact might “lead to aggression outside of those areas, which may make war more likely. That”, I said, “is the big problem, as I see it: the political problem that flows from the Pact. . . . While we decrease the risk of war from events within the Atlantic area, we may increase the risk of war from events outside of those areas”.³ Actually, in a year the Korean War began.

I have no doubt whatever that today it is essential to make what you call a reappraisal of NATO to adapt it to current Communist offensives.

As you know, the President and I suggested at the December 1957 meeting of NATO the establishment of liaison with other groupings.⁴ I am not sure that that is the answer. But also I doubt that the answer is to be found in General De Gaulle’s suggestion; or in attempting to make NATO into a means of reincarnating Western dominance of the world. I do not see clearly how we should move. But I do feel that you and General De Gaulle have raised issues which call for a response which is positive and which may well become the most critical matter to be dealt with in the next Ministerial meeting in December.

If you have any further thoughts on this matter, I would appreciate having them at this time when we are giving thought on how to answer General De Gaulle.⁵

Sincerely yours,

Foster Dulles⁶

² Dulles’ testimony on May 4, 1949, is printed in *North Atlantic Treaty: Hearings Before the Committee on Foreign Relations, United States Senate, 81st Congress, 1st Session, pt. 2*, pp. 339–376.

³ Ellipsis in the source text.

⁴ Dulles’ statement on December 16, 1957, is printed in *Department of State Bulletin*, January 6, 1958, p. 10.

⁵ In Polto 986 from Paris, October 15, Burgess reported that he delivered Dulles’ letter to Spaak the previous night. “He was appreciative and said it fitted in with his own thoughts.” Spaak also showed Burgess the first draft of his response to de Gaulle’s proposal, which Burgess called a “generally good supporting examination by NATO within present charter of problems of wider area but vigorously opposed to the triumvirate.” Spaak promised Burgess a copy of this draft. (Department of State, Central Files, 740.5/10–1558) Burgess subsequently transmitted this draft letter (in French) from Spaak to de Gaulle in Polto 991 from Paris, October 15. (*Ibid.*) No other draft of Spaak’s reply to de Gaulle has been found, but Spaak later summarized his response, October 15, in his memoirs. He added that de Gaulle did not respond to this reply. (Spaak, *Memoirs*, pp. 315–318)

⁶ Printed from a copy that bears this stamped signature.

161. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, October 15, 1958, 5 p.m.

Polto 992. Eyes Only for Secretary from Burgess. Following is text Spaak reply to your letter October 10.

"Dear Mr. Dulles: I have received your letter of October 10.¹ I thank you particularly for your kind reference to my Boston speech.

When Mr. Burgess gave me your letter I was able to have him read the first draft of a note which I intend to have transmitted to General De Gaulle and of which I am sending you a copy.²

You will once again note, and this pleases me, that our reactions follow the same pattern.

Like you, I think that the problem posed by General De Gaulle is important and real; like you, I think that the proposed solution is not a happy one and that it might even be dangerous; lastly, I feel as you do that the real procedure to be followed is to discuss the problem at the Ministerial meeting in December.

For this meeting I intend to circulate a note on the political consultation in NATO during the past year and to avail myself of the opportunity thus given me to take up the matters which are giving us concern.

It is obvious that the subject is vast and complicated, and that we must be very careful not to destroy, on the pretext of improvement, that which has already been accomplished and which is, after all, a considerable achievement.

The note I am transmitting to Mr. Burgess contains only my first reactions. I intend to go into this work thoroughly, and shall inform you of the development of my ideas since you are good enough to show an interest in them.

If the Government of the United States thinks it necessary to answer General De Gaulle soon, I believe that without antagonizing him, that is, while agreeing to discuss the idea of the problems posed by him, it would be necessary to indicate how uncertain, and at the same time dangerous, the solution of a tripartite organization would be.

Source: Department of State, Central Files, 740.5/10-1558. Secret; Niact; Official Translation. A copy of this message in French is *ibid.*, 396.1-PA/10-1558.

¹ Document 160.

² See footnote 5, Document 160.

Chancellor Adenauer, who is greatly disturbed by all of this, has begged me to come to see him in Bonn. I shall pay him a visit on October 24.

Please accept, dear Mr. Dulles, the assurance of my high consideration. P.H. Spaak."

Burgess

162. Telegram 1553 From the Embassy in France to the Department of State

Paris, October 27, 1958, 8 p.m.

[Source: Department of State, Central Files, 740.5/10–2758. Secret; Limited Distribution. 2 pages of source text not declassified.]

163. Memorandum of Discussion at the 390th Meeting of the National Security Council

December 11, 1958.

[Here follow a paragraph listing the participants at the meeting and agenda items 1 and 2.]

3. December 1958 NATO Ministerial Meeting

Mr. Gray said he understood that Secretary Herter was prepared to talk briefly about the forthcoming NATO Ministerial Meeting in Paris. Governor Herter replied in the affirmative and said that he believed the NATO meeting would develop three main themes. The first of these

was a military theme and would involve discussion of the MC-70 Plan.¹ The U.S. would be obliged to fudge a little its own position in such a discussion. We will find it somewhat awkward to urge the other NATO Powers to fulfill their obligations to the letter while we ourselves may not plan, after Calendar 1959, to fulfill our own. Under the circumstances, we would have to do the best we could.

Speaking very vigorously, the President inquired of Secretary Herter whether it ever occurred to his people that it was their duty to make the representatives of the other NATO nations realize that their national security cannot always and completely depend on the U.S. After all, when we deployed our six divisions to NATO, the deployment was never intended to be permanent and we informed Congress that this was a temporary measure, particularly related to the build-up of West German forces.

Secretary Herter said that the second theme of the meeting would consist of De Gaulle's attitude toward the NATO alliance. He reminded the members of the Council of De Gaulle's effort to set up in NATO a kind of directing triumvirate consisting of France, the U.K., and the U.S. De Gaulle seemed to be very insistent on this point and there have already been two meetings in Washington between the Secretary of State and the French and British Ambassadors to discuss the matter.² In spite of the two meetings, we are still uncertain what De Gaulle really wants. Moreover, in the meeting yesterday the French came up with two further questions to ask of the U.S. Government while providing no answers to the questions which our Government had asked earlier. Secretary Herter added the further thought that this issue would be taken up with De Gaulle and with the Foreign Minister, Couve de Murville, in Paris this weekend. Meanwhile, many of the other NATO powers were very worried indeed over the possibility of some kind of tripartite domination of NATO.

Secretary Herter said that the third theme of discussion at the Paris meeting would be the situation in Berlin. This he described as still constituting a complicated and uncertain picture. As yet no firm policy positions had been taken by the four responsible powers, the U.S., the U.K., France, and the Federal Republic. There was still much soul searching for alternatives. One such alternative was, of course, simply to insist on maintaining the status quo. Such an alternative would require most careful planning. Another alternative was whether to open up the Berlin situation so that it involved a complete review of the German problem in its entirety. At the moment, thought Secretary Herter, with this NATO

¹ Regarding MC-70, see Document 131.

² See Part 2, Documents 77 and 78.

meeting coming up, no one here wants to get into an absolutely fixed position. The views of other NATO powers must be safeguarded.

The President said that he wished to talk with Secretary Herter and certain other officials on the Berlin problem at a meeting in his office after the conclusion of the Council meeting.³

Secretary Anderson inquired of Secretary Herter whether the latter believed that there was any link between the De Gaulle proposals on NATO on the one hand and the common market and free-trade area on the other? Secretary Herter doubted that there was any such link and said that he felt that De Gaulle's attitude represented a throwback to the days when De Gaulle held a position inferior to that of Roosevelt and Churchill. In other words, it was a matter largely of prestige, with De Gaulle determined really to be one of the Big Three.

The President strongly agreed with Secretary Herter's view and reminisced about some of De Gaulle's past actions in which he had been involved, concluding that De Gaulle had always been restive under the knowledge that he did not, in fact, constitute one of the Big Three.

Mr. Gray turned to Secretary Herter and said that as far as MC-70 was concerned, he believed that we had certain commitments under the plan through Calendar Year 1959. The question, therefore, was what we do over the longer range. At the NATO meeting would we simply confine our discussion to this single year or would we be drawn into longer-range discussions of our commitments? Secretary Herter replied that MC-70 was, of course, subject to review at regular intervals. He thought that the basis of discussion of MC-70 would be that the other NATO powers could not or would not live up to their agreed commitments to MC-70.

The President, again speaking with considerable warmth, emphasized that the U.S. ought to insist that we will not always be the permanent foundation stone of the whole NATO alliance. Our original contribution of divisions and other forces to NATO was supposed to be temporary in character. Now we seem to be stuck with it permanently. We should ask when the hell these other people are going to do their duty. We have got to get tougher with them and it is on this subject that he wished to talk with the Secretary of State. These other NATO powers cannot go on forever riding on our coattails. After all, the Belgians, who originally had a period of two years of compulsory service for their newly drafted military personnel, have now got it down to twelve months and are agitating for even less. The same was true of the Danes.

³ For notes of the meeting with the President on Berlin, December 11, see vol. VIII, Document 97.

All of these nations seem to be trying to figure out how little they themselves can do and how best to leave us to do the rest of the job.

Secretary Quarles pointed out that through the next calendar year our U.S. commitment to MC-70 is firm and we will be able to meet this commitment. Down the road farther, however, the U.S. will fall substantially short of its MC-70 goals and the other NATO nations will fall even more short of their goals. The problem, as Secretary Quarles saw it, was really that the political elements of power in the NATO nations have not fully accepted the military requirements and the strategic concept on which the MC-70 was based. Accordingly, we must seek a political meeting of the minds in order to obtain agreed military requirements. Otherwise glaring short-falls are bound to occur in the future.

Secretary Herter observed that De Gaulle was really seeking a complete re-assessment of the entire NATO defense concept. The President said he understood this and that De Gaulle really wanted to broaden NATO to include all the world where Western interests were at stake. This was just a little crazy. NATO really had a specific mission if the member nations would just buckle down and carry it out.

*The National Security Council:*⁴

a. Noted and discussed the subject in the light of an oral presentation by the Acting Secretary of State.

b. Noted the President's statement that the European Members of NATO must realize that they must increase their share in European defense. The President stated that he would speak to the Secretary of State about this matter prior to the Secretary's departure for Paris.

Note: The action in b above, as approved by the President, subsequently transmitted to the Secretaries of State and Defense.

[Here follow the remaining agenda items.]

S. Everett Gleason

⁴ Paragraphs a and b and the Note that follows constitute NSC Action No. 2017, approved by the President on December 12. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council)

164. Memorandum of Conversation

December 12, 1958, 2:30 p.m.

PARTICIPANTS

The President
The Secretary
The Under Secretary
General Goodpaster
Major Eisenhower
Mr. Greene

1. I showed the President the draft of the statement which I proposed to make following our discussion, and with the changes in the last two paragraphs shown on the attached copy, he approved it.¹ (Mr. Hagerty was present for this item.)

2. The President expressed discouragement at the level of the efforts the other NATO countries are making to the common defense and expressed the belief that at the forthcoming Ministerial Meeting in Paris I should chide them a bit. He suggested that the other NATO Governments be reminded that the United States is maintaining the principal deterrent power and, through the Mutual Security Program a great portion of the expense of the defense posture of the free nations around the periphery of the Sino Soviet bloc. Notwithstanding this, the President felt that our allies are not manning their own fronts.

There was some discussion, in which Mr. Herter participated, of the extent of the shortfalls of the NATO countries' defense efforts. Mr. Herter noted that these are expected to some extent in all the European countries and noted that while the United States might have to transfer two battle groups from existing divisions to the status of service troops to man the NATO atomic stockpiles, during 1959, this did not contemplate reduction in our overall force strength in Europe. The President recalled that when he first went to SHAPE, there had been talk that the United States assistance to the NATO countries' defense efforts would be for a "maximum" of five years. Since then the NATO countries have come to depend overly on the United States; the President reiterated

Source: Eisenhower Library, Dulles Papers, Meetings with the President. Top Secret; Personal and Private. Drafted by Dulles. The time of the meeting is taken from another memorandum of this conversation, prepared by Major Eisenhower on December 15. (*Ibid.*, Whitman File, DDE Diaries) Major Eisenhower's memorandum apparently served as the basis for his recollections of this conversation, printed in *Strictly Personal*, pp. 216–217.

¹Not printed. For the approved draft as released to the press on December 12, see Department of State *Bulletin*, December 29, 1958, pp. 1040–1041.

that it is time for us to begin to wean our allies from overdependence upon us and to encourage them to make better efforts of their own.

In this connection I showed the President Ambassador Burgess' estimate (Polto 1646)² and General Norstad's message to me (ALO 1111).³ The President expressed his agreement that we should not back down from the commitments undertaken in MC 70, and approved our adhering to those goals for calendar year 1959. The President alluded to the pressures on the U.S. fiscal position and the difficult problem this posed for our budget. I said that notwithstanding these, I thought it important that we take this position because among other reasons it would be dangerous if we allowed the impression of great United States strength to be dissipated.

[Here follows discussion of unrelated matters.]

JFD

² Polto 1646 from Paris, December 11, contained Burgess' summary and comment on the agenda of the forthcoming NATO Ministerial Meeting in Paris. Burgess added:

"Despite present shortfalls in some countries I believe the goals set by M.C. 70 are attainable. There will be strong voices in support, including, I expect, Norstad, Staf, Spaak, Brentano, Zorlu, and others, but attitude expressed by U.S. will have enormous weight." (Department of State, Central Files, 110.11-DU/12-1158)

³ Not found.

165. Editorial Note

The Ministerial Meeting of the North Atlantic Council, held in Paris December 16-18, was attended by all Foreign Ministers and NATO Permanent Representatives of the 15 member countries. The U.S. Delegation was headed by Secretary of State John Foster Dulles and included Permanent NATO Representative W. Randolph Burgess, Secretary of Defense Neil H. McElroy, and Under Secretary of the Treasury Fred C. Scribner, Jr. A list of the principal members of the delegation is printed in Department of State *Bulletin*, December 29, 1958, page 1041. Secretary Dulles' December 12 departure statement is *ibid.*, pages 1041-1042.

The Secretary and his party arrived in Paris on December 13. On December 14, he met with the Foreign Ministers of France, the Federal Republic of Germany, and the United Kingdom to discuss Berlin. An account of this meeting is printed in volume VIII, Document 106. The text of the communiqué issued by the Foreign Ministers on December 14 is in Department of State *Bulletin*, December 29, 1958, pages 1041-1042.

The most extensive body of documentation on this NATO Ministerial Meeting is in Department of State, Conference Files: Lot 64 D 560, CF 1161–1179. Briefing papers are *ibid.*, CF 1161–1164. CF 1165 contains miscellaneous administrative materials, including documentation on pre-conference arrangements, the Berlin situation, and the Geneva disarmament talks. CF 1166 contains Orders of the Day for the December 12–19 period. Miscellaneous documents are in CF 1167. Summary and verbatim records are in CF 1168 and 1176–1178. CF 1169 contains a set of memoranda of conversation among U.S. officials and between U.S. and foreign officials. Copies of Tosec–Secto, Topol–Polto, and Tedul–Dulte telegrams are in CF 1170, 1171, and 1179, respectively. CF 1172–1178 contain a chronological record of meetings from December 12 through 18. Telegrams and documentation on this Ministerial Meeting are *ibid.*, Central Files, 396.1–PA.

At 4 p.m. on Saturday, December 13, Secretary Dulles met briefly with Burgess, Reinhardt, and Livingston T. Merchant; no record of this conversation has been found. At 4:14 p.m., he met with Secretary General Spaak to discuss the Berlin situation. A memorandum of this conversation (USDel/MC/2) is *ibid.*, Conference Files: Lot 64 D 560, CF 1169 and 1173. At 5:10 p.m., he met with McElroy, Scribner, and other U.S. officials to discuss Berlin. The memorandum of this conversation (USDel/MC/7) is *ibid.* At 5:15 p.m., Woodbury Willoughby, Director of the Office of British Commonwealth and Northern European Affairs and member of the U.S.–Canada Permanent Joint Board for Defense, and Philip J. Farley, Special Assistant for Disarmament and Atomic Energy Affairs, joined the meeting to discuss plans for the first meeting of the U.S.–Canada Permanent Joint Board for Defense, scheduled for the morning of December 15. A one-sentence memorandum for the record of this meeting is *ibid.*, CF 1173. Burgess, General Norstad, and other officials next joined to discuss MC–70; see Document 166. At 6:20 p.m., Ambassador Bruce, Legal Adviser Loftus E. Becker, and other advisers joined the meeting to discuss Berlin. The memorandum of this conversation (USDel/MC/7) is printed in volume VIII, Document 105. Meanwhile, Merchant talked with Ambassador Alphand on the Algerian resolution in the U.N. General Assembly. The memorandum of this conversation (USDel/MC/1) is in Department of State, Conference Files: Lot 64 D 560, CF 1169 and 1173. Merchant also talked with Douglas Dillon about the Algerian resolution at 7:10 p.m.; no record of this conversation has been found. At 7:15 p.m., McBride met with Ambassador Alphand on the Algerian resolution. The memorandum of conversation (USDel/MC/4) is *ibid.*

On Sunday, December 14, at 10:30 a.m., Dulles met with Merchant, Reinhardt, Becker, and Director of the Office of German Affairs Martin J. Hillenbrand to discuss the Berlin situation; no record of this conversa-

tion has been found. At 11:45 a.m., Merchant and Bruce met with German Foreign Minister Heinrich von Brentano. The memorandum of this conversation (USDel/MC/5) is printed in volume VIII, Document 107. At 12:15 p.m., Dulles met with John Hay Whitney and Greene. They were later joined by Reinhardt, Bruce, Houghton, and Merchant; no record of this conversation has been found.

After lunch, at 2:30 p.m., a tripartite meeting on the Berlin question convened, attended by Dulles, Lloyd, and Couve de Murville and their advisers. This discussion was reported in Secto 10, December 14; see *ibid.*, Document 108. A quadripartite meeting of the Foreign Ministers on the Berlin question began at 4:30 p.m. The meeting was reported in Secto 9 and Secto 6; see *ibid.*, Document 109. A verbatim record of this four-power meeting is in Department of State, Conference Files: Lot 64 D 560, CF 1174. Following this meeting, Dulles discussed the Israeli-Syrian situation with Lloyd. Their conversation was reported in Secto 7, December 14. (*Ibid.*, Central Files, 684A.86B/12-1458)

On Monday, December 15, the U.S.-Canadian Ministerial Committee on Joint Defense met at the Canadian Embassy Chancery at 9:30 a.m.; see Document 292. At 10:30 a.m., Hillenbrand met with Willy Brandt, Mayor of Berlin, concerning Brandt's possible visit to the United States. The memorandum of this conversation (USDel/MC/12) is in Department of State, Conference Files: Lot 64 D 560, CF 1169 and 1175. At 12:05 p.m., Dulles met with General Norstad. Memoranda of their conversation on Berlin (USDel/MC/8), de Gaulle (USDel/MC/9), the U.S. defense posture (USDel/MC/10), and IRBMs in Germany (USDel/MC/11) are *ibid.* Regarding USDel/MC/8, see volume VIII, Document 111. Regarding USDel/MC/9, see Part 2, Document 80. Regarding USDel/MC/10, see footnote 2, Document 166. Dulles summarized this meeting in a message to President Eisenhower; see Part 2, Document 82.

At 3 p.m., a meeting of the full U.S. Delegation was held; no record of this meeting has been found. At 3:45 p.m., Dulles met with McElroy, Burgess, and other members of the delegation. According to the delegation's chronology, the first part of the discussion was on McElroy's statement for the NATO Ministerial Meeting; the second part was on the Secretary's forthcoming meeting with de Gaulle. No further record of this meeting has been found. At 4:15 p.m., Joseph J. Wolf, Director of Political Affairs at USRO, met with J.A. de Ranitz, Alternate Dutch Permanent Representative to NATO, and discussed Berlin, Indonesia, and military defense. The memorandum of their conversation (USDel/MC/6) is in Department of State, Conference Files: Lot 64 D 560, CF 1169 and 1175. At 4:30 p.m., Dulles called on de Gaulle; see Part 2, Document 81. Dulles summarized this meeting in a message to President Eisenhower; see Part 2, Document 82. At 5 p.m., McElroy and Assistant Secretary of Defense for International Security Affairs John N. Irwin, II, met

with British Defense Minister Duncan Sandys and Sir Richard Powell, Permanent Secretary in the British Ministry of Defense.

On Tuesday, December 16, Irwin met with Dutch Defense Minister Staf at 9:30 a.m. Their discussion was summarized in Polto 1721, December 16. (Department of State, Central Files, 740.5612/12–1758) At 9:45 a.m., Dulles met with Italian Prime Minister Fanfani. Memoranda of their discussion of the free trade area (USDel/MC/19), the Middle East (USDel/MC/17), and IRBMs for Italy (USDel/MC/16) are *ibid.*, Conference Files: Lot 64 D 560, CF 1169 and 1176. For a memorandum of their discussion on the de Gaulle memorandum, see Document 166.

The opening plenary session of the NATO Ministerial Meeting began at 10:15 a.m.; see Document 168. The restricted session began discussion on Berlin at 10:30 a.m. A summary of this session was transmitted in Polto 1718, December 17, printed in volume VIII, Document 112. At 12:50 p.m., Secretary Dulles met with Lloyd. Secto 16, December 17, summarized their conversation on Archbishop Makarios. (Department of State, Central Files, 847C.413/12–1758) Secto 17, December 17, summarized their attitudes on de Gaulle and tripartite talks. (*Ibid.*, 762.00/12–1758) Secto 24, December 17, contains a summary of the whole conversation. (*Ibid.*, 756D.5622/12–1758) At 1:20 p.m., Timmons conducted a debriefing, presumably for the U.S. Delegation, on the opening session, Hillenbrand on the Berlin situation; no record of this debriefing, or subsequent ones, has been found.

At 3:15 p.m., the NATO Ministerial Meeting reconvened to discuss Spaak's Report on Political Consultation and review of the international situation; see Documents 169 and 170. Dulles summarized the first day's session in a message to President Eisenhower; see Document 171. During the afternoon, Dulles also met with Belgian Foreign Minister Pierre Wigny to discuss the possibility of "rationalizing" the European organizations. The memorandum of this discussion (USDel/MC/13) is in Department of State, Conference Files: Lot 64 D 560, CF 1169 and 1176. At 7:20 p.m., Timmons and Wolf conducted a debriefing session on Spaak's report and review of the international situation.

On December 17, Dulles met with Couve de Murville at 9:30 a.m. Memoranda of their discussion on Berlin (USDel/MC/20), Indonesian arms (USDel/MC/21), and de Gaulle's memorandum (USDel/MC/22) are *ibid.*, CF 1169 and 1177. For USDel/MC/20, see volume VIII, Document 114. The plenary session of the NATO Ministerial Meeting opened at 10:27 a.m. to discuss the NATO military effort; see Document 172. At 1 p.m., Russell Fessenden, Deputy Director of the Office of European Regional Affairs, conducted a debriefing on this session. Meanwhile, Dulles met with Couve de Murville and discussed nuclear submarines.

The memorandum of this conversation (USDel/MC/14a) is in Department of State, Conference Files: Lot 64 D 560, CF 1169 and 1177.

At 3 p.m., Secretary Dulles and McBride met with Norwegian Foreign Minister Lange. Memoranda of their conversation on the free trade area (USDel/MC/23) and a proposed merchant marine policy conference (USDel/MC/24) are *ibid.* The plenary session of the Ministerial Meeting reconvened at 3:30 p.m.; see Documents 173 and 174. At 5:30 p.m., discussion on the review of the international situation resumed; see Document 175. At some point during the day on December 17, Becker met with Icelandic Permanent Representative to NATO Andersen to discuss the Iceland-United Kingdom fishing dispute; see Document 176. At 7:07 p.m., Dana B. Orwick of USRO and Timmons conducted a debriefing on the day's sessions. Dulles summarized the sessions in a message to the President; see Document 177.

On Thursday, December 18, at 9:15 a.m., the Secretary met with Becker; no record of their conversation has been found. At the same time, Merchant met with von Brentano on the coal situation. Their conversation was reported in Secto 27, December 18. (Department of State, Central Files, 862A.2552/12-1858) At 9:28 a.m., Dulles met with Dutch Foreign Minister Luns on the Indonesian situation. The memorandum of their conversation (USDel/MC/25) is *ibid.*, Conference Files: Lot 64 D 560, CF 1169 and 1178. Dulles reported on this conversation in Secto 26, December 18, scheduled for publication in volume XVII. Dulte 6, December 18, contains Dulles' appraisal of the Soviet Ambassador to the Netherlands. (Department of State, Central Files, 601.6156/12-1858) At 10:15 a.m., the restricted session of the NATO Ministerial Meeting convened to discuss the review of the international situation, other business, the NATO tenth anniversary meeting, and the present status of the NATO military effort; see Documents 178-180. At 1:15 p.m., Fessenden conducted a debriefing of the morning session.

At 2:30 p.m., Dulles met briefly with Becker, Merchant, Greene, and Hillenbrand to discuss the quadripartite reply to the November 27 Soviet note (see Department of State *Bulletin*, January 19, 1959, pages 81-89). The restricted session of the NATO Ministerial Meeting resumed at 3 p.m.; see Document 181. Dulles then held a press backgrounder at 6:30 p.m. The transcript was transmitted in Polto 1760, December 19. (Department of State, Central Files, 396.1-PA/12-1958) Dulles' summary of the session is printed as Document 182.

Dulles and his party returned to Washington at 12:15 a.m. on December 19. His departure statement at Paris is in Department of State, Conference Files: Lot 64 D 560, CF 1178.

The following documents are arranged in the order in which the meetings were held.

166. Memorandum of Conversation

USDel/MC/3

Paris, December 13, 1958, 5:30 p.m.

**UNITED STATES DELEGATION TO THE MINISTERIAL MEETING
OF THE NORTH ATLANTIC COUNCIL**

Paris, France, December 16–18, 1958

PARTICIPANTS

Secretary
Mr. Reinhardt
Mr. Merchant
Amb. Burgess
Mr. Timmons
Mr. Smith
Mr. Greene

Secretary McElroy
General Twining
Mr. Irwin
General Norstad
Mr. Haskell
General Guthrie
Admiral Boone
Mr. Scribner

SUBJECT

MC 70

Mr. Irwin read the draft of Secretary McElroy's presentation to the Ministerial Council,¹ which Secretary McElroy had not previously seen. He found it rather too anodyne and said he was unwilling to give our allies any blank check on what we will do in the military field. He strongly felt the occasion calls for tough talk designed to jack up the European countries' defense effort, including the threat that if they do not do better on their part, we will take another look at our own defense effort. Later in the discussion he withdrew the suggestion for threat.

General Norstad and Ambassador Burgess agreed on the necessity for stimulating the European NATO countries but felt it better done privately and bilaterally than in the Ministerial Council. General Norstad warmly defended the concept and content of MC 70.

Mr. Irwin noted that the Executive Branch compromised figures on the U.S. defense budget for FY 1960 will enable us to hold the present line for that year but not in the next two years and after. He cannot, therefore, afford to give a "business as usual" impression.

Secretary Dulles said that the President wants, to the extent it can be done without disrupting the alliance at this time of the Berlin crisis, to

Source: Department of State, Conference Files: Lot 64 D 560, CF 1169. Top Secret. Drafted by Greene. The meeting was held at the U.S. Embassy Residence.

¹ McElroy's draft statement has not been found. Regarding the statement as delivered on December 17, see Document 172 and footnote 2 thereto.

make plain that we feel we have been carrying more than our fair share of the defense effort and that our allies in Europe should increase their efforts. One difficulty in stimulating our allies is that in a year or two we may find ourselves unable, for fiscal and budgetary reasons, to meet our share of the goals of MC 70. He thought we should not be too eulogistic of MC 70 and should not keep citing it as the minimum necessary defense effort. For the present we should confine our presentation to the question of the annual review and indicate that we will meet the goals assigned us by MC 70 for calendar year 1959.²

General Norstad thought that in doing so we could refer to the obvious limitations of decreasing availabilities of funds and note that the United States Congress will not be disposed to keep appropriations at a high level unless it has the impression that our allies are doing their fair part.

² In a memorandum of conversation between Dulles and Norstad on December 15 on the U.S. defense posture (USDel/MC/10), the Secretary "described in some detail the tightening in the United States fiscal and budgetary position, as this bears on our own ability to maintain a large and expensive military establishment and on MC 70." (Department of State, Conference Files: Lot 64 D 560, CF 1169)

167. Memorandum of Conversation

USDel/MC/18

Paris, December 16, 1958, 9:45 a.m.

UNITED STATES DELEGATION TO THE MINISTERIAL MEETING OF THE NORTH ATLANTIC COUNCIL

Paris, France, December 16–18, 1958

PARTICIPANTS

United States

The Secretary of State
Mr. Merchant
Mr. McBride

Italy

Prime Minister Fanfani
Mr. Manzini

Source: Department of State, Conference Files: Lot 64 D 560, CF 1169. Confidential. Drafted by McBride on December 16. The meeting was held at the U.S. Embassy Residence.

SUBJECT

DeGaulle Memorandum

The Secretary said that in his talk with deGaulle yesterday,¹ the latter had continued to be insistent regarding the creation of a tripartite body for worldwide strategy. He had told deGaulle that the US was prepared to discuss with France as with others what our policies were in non-NATO areas; however we could not accept a new organism superimposed on the existing arrangements. We had held two tripartite meetings in Washington as the Italians had been informed.² These had not been very satisfactory to anyone. We were not averse to explaining our policies anywhere in the world to our friends but we would not agree to an organism which had authority and perhaps a veto power. As a result there had not been a meeting of the minds in his talk with deGaulle yesterday.

Fanfani said that deGaulle had not mentioned this issue to him yesterday at all, so Fanfani had not raised it either, though deGaulle had talked to him about it in August.³ Fanfani said his objective in this context was not to cause trouble, and accordingly he had not believed it wise to raise the matter yesterday. He said his hope had been that the General would forget about this idea. The Secretary said that unfortunately deGaulle has not forgotten about it, and indeed was more emphatic and explicit yesterday than he had been on any previous occasion. Fanfani said Adenauer had told him that deGaulle had not raised this problem with him either. :

¹ See Part 2, Document 81.

² See Part 2, Documents 77 and 78. A memorandum of McBride's conversation with Carlo Perrone-Capano, Counselor of the Italian Embassy in Washington, December 4, summarized McBride's briefing of the December 4 tripartite talks. (Department of State, Central Files, 740.5/12-458) Topol 2009 to Paris, December 11, noted that the Italians had been briefed on the December 4 tripartite talks. (*Ibid.*, 740.5/12-1158)

³ No record of Fanfani's meetings with de Gaulle in Paris August 7–8 or December 15 has been found.

168. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 16, 1958, midnight.

Polto 1716. From USDel.

1. NATO Ministerial Meeting opened in secret plenary session at 10:15 a.m. December 16.¹ Foreign Minister Luns (Netherlands) in capacity as President of NAC delivered brief opening speech (summarized below). Council then went into secret restricted session to discuss Berlin as first topic under Item II of agenda (Review of International Situation). Morning's discussion devoted entirely to Berlin, at conclusion of which drafting group set up to prepare draft NAC communiqué on Berlin. At end of morning session Council decided to meet at 3:00 p.m. to discuss agenda Item I (Spaak Report on Political Consultation),² and to take up draft communiqué on Berlin at 5:30 p.m. Berlin discussion at morning session will be reported in separate telegram.³

2. In opening plenary speech Luns spoke of important problems before NATO at this time. December meetings provide occasion for "examination of conscience", principal touchstone in this respect being annual review, which must be considered in light of NAC decision accepting MC-70. Also, annual review results must be projected against background of evaluation of Soviet threat. Said that background documents prepared for this meeting confirm that Soviet menace still as great as year ago, when Russian scientific achievements prompted important decisions taken by NATO heads of government. Berlin issues illustrates Soviet threat in its most crude form. Soviet threat to Berlin is new effort in long series of attempts to impose disengagement, deatomization and demilitarization of central Europe and thus dissolve NATO's defensive build-up in Europe. In reply to this challenge NAC must take clear firm stand.

3. Luns then briefly listed some of NATO's accomplishments, mentioning first increased strength shield forces, and welcome progress in German build-up. Said practice political consultation has good progress to show. Termed Spaak's report excellent and lucid. Added wished draw one consideration to Council's attention: "Once a certain

Source: Department of State, Central Files, 396.1-PA/12-1658. Secret. Repeated to London, Bonn, and The Hague and pouched to the other NATO capitals and Moscow.

¹ The verbatim (C-VR(58)60) and summary (C-R(58)60) records of this session, both dated December 16, are *ibid.*, Conference Files: Lot 64 D 560, CF 1168.

² Not found.

³ Polto 1718, December 17, is printed in volume VIII, Document 112.

coordination has been reached, no change should be brought about without further consultation with all partners". This particularly important in those cases where vital interests small powers are at stake. Spoke of some progress in NATO coordinated defense production (mentioning hope start Hawk production).⁴ Expressed regret that NATO has not made much headway on question of effective measures to counter Soviet economic offensive.

4. In conclusion, Luns said that long-lasting and unrelenting Soviet threat may lead to a certain indifference and fatigue in West, and a propensity to underestimate its gravity. Such a development could threaten our readiness to make indispensable sacrifices for keeping enemy at bay. NATO governments must impress upon their peoples true nature and magnitude of continuing Communist challenge in order convince peoples of necessity maintain and pursue NATO military effort.

⁴ Early in 1958, Belgium, France, West Germany, Italy, and the Netherlands accepted the U.S. proposal to use U.S. Government-owned property rights and to facilitate industrial contracts for the European manufacture of the Hawk, a U.S. Army surface-to-air missile system. The NAC in June 1959 created the NATO Hawk Production Organization, which administered and controlled the production program.

169. Telegram from the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 17, 1958, 4 a.m.

Polto 1719. From USDel.

1. NATO Ministerial Meeting reconvened in secret restricted session 3 p.m. December 16¹ to discuss Agenda Item I (Spaak's interim report on political consultation).

Source: Department of State, Central Files, 396.1-PA/12-1758. Secret. Transmitted in two sections. Pouched to the other NATO capitals and Moscow.

¹ The verbatim (C-VR(58)62) and summary (C-R(58)62) records of this session, both dated December 16, are *ibid.*, Conference Files: Lot 64 D 560, CF 1168.

2. Secretary opened discussion by expressing strong approval of activities reflected in Spaak report.² Said that under Spaak's leadership there have been great strides in development of NAC as valuable organ of consultation. There remains much to do, but can take satisfaction in development that has already taken place. Secretary stated that U.S. policies regarding possible use of force are quite well known, as they are embodied in published documents, such as treaties. U.S. is prepared to expound all of its policies in NAC and to heed reasoned advice and counsel our partners concerning them. Stressed that work of a consultative body must be done primarily in advance of events calling for action, since in latter case action is required and it may well be impossible consult in advance of taking action. Emphasized that through consultation undertaken in spirit partnership and cooperation, NATO members can come to know each others' policies and weigh them in advance. This unique process is making NATO more than military alliance. NATO has made enormous progress this direction since report of Three Wise Men under Spaak's wise and vigorous leadership.³ Secretary expressed to Spaak appreciation of U.S. Government for these developments.

3. Wigny (Belgium) expressed appreciation his government for Secretary's generous statement. He then developed at some length thesis that aggression may be result of events outside NATO area, and that NATO nations might be drawn in war as result such aggression. Political consultation cannot be confined to NATO area. Must try achieve common policies and make advance plans to counter Soviet initiatives. Suggested there might be "regional groups" within NATO, comprising countries most concerned with particular areas of world, with SecGen represented. These would consult with full Council.

4. Lange (Norway) joined with others in congratulating Spaak on his report. Definite progress in implementing report Three Wise Men. Much remains be done however. NATO is developing habit of consultation, which is time-consuming process. Problem not primarily one of machinery. Consultation cannot be limited to NATO area but must remember NATO created defend particular geographical area. Primary purpose consultation is to arrive at agreed position on primary task of Alliance, which is to defend NATO area. Cannot expect identity of views among NATO nations on other areas, since no identity of interests. Consultation not exclusively NATO function, since there are bilateral consultations in capitals and inside other organizations, such as UN. NATO cannot be "directorate" over other bodies such as SEATO,

² Text of the Secretary's remarks on the activities reflected in Spaak's report is *ibid.*, CF 1176.

³ Regarding the Report of the Committee of Three on Non-Military Cooperation in NATO, see footnote 4, Document 139.

but should be kept informed. Welcomed Secretary's statement on discussing U.S. policies in NATO. Warned against too many expert committees or "bureaucracy" in consultation field. Perhaps a member country could prepare position paper on particular subject for discussion in NAC.

5. Krag (Denmark) welcomed strengthening political consultation and Secretary's statement. Agreed with emphasis on timely consultation before events occur.

6. Smith (Canada) said he valued opportunity for really private consultation in NATO. "Middle powers" like Canada do not have responsibilities and interests of major powers but all share burden of risk in modern world. Welcomed Secretary's statement and opportunity express views in NAC. Silence in NAC does not necessarily mean assent or indifference. Sometimes views best expressed other channels. Common policies not always aim of consultation, and lack of agreement in certain cases does not mean failure of consultation those cases, since disclosure attitudes can serve most useful purpose. Expression of views in NAC involves some responsibility, but not military or political commitments beyond NATO treaty.

7. Couve (France) said France supports political consultation, success of which does not depend on machinery but rather on habits and traditions. Essential thing is spirit in which undertaken.

8. Fanfani (Italy) made point NATO faces direct and indirect risks. All important situations concern NATO and all members have interest in having such matters discussed in NATO. Content of a situation, not geographical location, should be criterion for deciding what matters to be discussed in NAC. Recognized consultation must not be factor of delay in urgent situations. Results of restricted discussions should be submitted to full Council for consultation. Said powers with wide responsibilities should participate in all ad hoc committees. Did not favor Atlantic Study Institute.⁴ Spoke of need coordinate NATO's "political orientation" and also work in information field. Suggested Spaak sum up this discussion on Agenda Item I in document which Ministers could approve December 17 as directive to Permanent Council.

9. Zorlu (Turkey) supported wide political consultation, particularly as regards Middle East.

10. Lloyd (United Kingdom) said agreed with almost everything already said. Purpose consultation is to obtain reactions other countries

⁴ Reference presumably is to various proposals for creation of an Atlantic Institute, which an Atlantic Congress subsequently organized by the Conference of NATO Parliamentarians in London June 4-10, 1959, recommended. The Atlantic Institute with provisional headquarters in Milan, Italy, was founded in January 1961 and moved to permanent headquarters in Paris in November 1961.

and harmonize policies. Agreed consultation should extend beyond NATO area, mentioning United Kingdom and Turk interest in consultation on threat in Middle East. Certain limitations on NATO consultation, such as question time in Commons and speed of events. Subject these reservations, the more consultation the better. Agreed Spaak should produce a formal summing-up as guide to future.

[3 paragraphs (26 lines of source text) not declassified]

14. Averoff (Greece) speaking of Cyprus, said crisis is over, thanks to efforts of Spaak and Permanent Council. Went on to say Spaak report on political consultation admirable and progress in past year is encouraging. Stressed necessity bring matters to Council on timely basis. Sometimes it has seemed major powers submit questions as a formality. However, does not ask for too much in one fell swoop. Was worried that ad hoc committees might hamper consultation in Permanent Council.

15. Spaak, in conclusion, said things were going well in field political consultation. He needed time consider discussion under this agenda item. Noted that his report was only interim report and suggested he might, in April, draw up another progress report. Meanwhile, this meeting could note in communiqué progress made in political consultation and desire member countries continue and improve process.

16. Discussion this subject ended at 5 p.m.

170. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 17, 1958, 4 a.m.

Polto 1720. Subject: Continuation of discussion of agenda Item II, NAC ministerial meeting review of the international situation.

Discussion this item resumed at 5 p.m. December 16, following discussion Item I. It was interrupted at 5.45.p.m. to receive report of drafting committee on communiqué on Berlin problem.¹

Highlights: Greece and Turkey joined in presenting issue of strengthening economic resources of alliance, and these two, supported

Source: Department of State, Central Files, 396.1-PA/12-1758. Secret; Priority. Transmitted in two sections. Repeated to Athens, Ankara, Oslo, and London and pouched to the other NATO capitals.

¹ For text of the NAC Declaration on Berlin, released to the press on December 17, see Department of State *Bulletin*, January 5, 1959, p. 4.

by Norway, referred to importance of success of OEEC talks for alliance. Spaak stressed wiser not to reopen this contentious issue in NAC but said communiqué could express desire for solution. Zorlu (Turkey) then gave appreciation of Middle East situation. End summary.

Greece referred to importance of strengthening economic resources of alliances and said they collaborating with Turkey to present paper on this subject.² Referred to importance of OEEC talks and vital need for successful outcome.

Norway intervened to express concern at critical phase FTA talks have reached. Hoped that will shown on all sides at OEEC meeting last night will continue in multilateral negotiations and lead to not only short-range solution of immediate problems but solution of basic problems as well. Stressed solution essential as political unity and solidarity in defense field impossible if alliance falls apart in economic field. Soviet programs for coordinating economies of all countries Soviet bloc makes positive action by alliance all the more essential. Alliance cannot afford economic civil war.

Denmark supported Norway. Turkey commended Greek delegation for raising importance of economic strength, and for this reason had agreed to collaborate with Greeks in preparing paper on mobilizing economic resources especially for dealing with under-developed countries. Emphasized OEEC negotiations had not been successful and supported Norwegian presentation. Economic collaboration of two sorts necessary: (1) Liberalization of trade; (2) more importantly, full-scale mobilization of resources, as Soviets do.

Spaak pointed out no one wanted to reopen OEEC debate in NAC. Said communiqué can express strong desire for solution. Urged Greece and Turkey to get together and present their proposal to permanent council. Said that in communiqué, can find appropriate form of words to express ideas presented.

[5 paragraphs (2 pages of source text) not declassified]

² The Greek-Turkish paper has not been found.

171. Telegram From Secretary of State Dulles to the Department of State

Paris, December 16, 1958, 11 p.m.

Dulte 4. Eyes Only Acting Secretary for President from Secretary.

Dear Mr. President: We have just finished our first day of formal NATO meetings, morning and afternoon. These were devoted almost exclusively to Berlin. The atmosphere on the whole was good. I made a statement which seems to have been well received. I emphasized with a map the area which the forces under your command gave up to the Soviets in order to comply with the 1944 agreement which the Soviets now denounce. Most of the statements made were strong and vigorous, the only exception being the Canadians who were rather soft.¹ Most of the afternoon session was devoted to drawing up a communiqué on Berlin. You can well imagine that this was a rather harrowing experience with each one of the fifteen foreign ministers doing an editing job. The result is, I think, effective although anyone alone could have done it better. Tonight Couve de Murville is giving a dinner for the foreign ministers which I am foregoing in the interest of my digestion. Unfortunately, McElroy has been knocked out all day, but my doctor is caring for him and expects him to be in shape tomorrow when his statement will be due.

Faithfully yours, Foster.²

Source: Department of State, Central Files, 740.5/12-1658. Confidential.

¹ The Canadian statement is summarized in Polto 1718 from Paris, December 17, printed in volume VIII, Document 112.

² Dulte 4 bears only this typed signature.

172. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 18, 1958, 3 a.m.

Polto 1741. From USDel. Subject: NAC discussion of Agenda Item III: Present status of the NATO military effort.

Below is report on NAC Ministerial discussion of Item III, which began 10:15 a.m. December 17 and was recessed at 12:45 p.m.,¹ to be resumed at 3:30 p.m.

Highlights: Statements by SACEUR, SACLANT and SG chairman of military views, with strong appeals for maximum effort on MC-70 and special appeal by SACEUR on integrated air defense and common financing for infrastructure for new weapons. Dutch called for greater coordination and integration of NATO defense effort, with proposal that PermReps prepare specific program by April Ministerial meeting. British laid heavy emphasis on importance nuclear deterrent and proposed using International Staff as agency for civilian "screening" of military requirements before their presentation to NAC. Secretary McElroy made statement of United States position on NATO defense effort, reported fully in separate cable.² Canadians emphasized integrated air defense of North America as contribution to NATO. Norwegians supported Dutch proposal for more integration NATO defense effort. Turks called for additional military aid for Turkey and common financing infrastructure requirements for new weapons.

Spaak opened meeting by statement that military authorities would first be called upon to present situation, with ministerial discussion to follow.

Chairman SG (Admiral Denny)³ led off with oral intelligence briefing, following text contained in SGWM-633-58.⁴

Source: Department of State, Central Files, 740.5/12-1858. Top Secret. Transmitted in three sections. Pouched to the other NATO capitals.

¹ The verbatim (C-VR(58)63) and summary (C-R(58)63) records of this session, both dated December 17, are *ibid.*, Conference Files: Lot 64 D 560, CF 1168.

² The full text of McElroy's statement was transmitted in Polto 1743 from Paris, December 18. McElroy voiced his concern that "national and multinational modernization and equipment of NATO forces are not in all cases going forward fast enough," and he emphasized that because "an increasing proportion of future U.S. military assistance must go into modern weapons," a "progressively greater proportion of support of the more conventional forces must be assumed by the individual nations concerned." He also supported broadening the scope of multilateral financing of new weapons and support facilities and coordinating U.S. and European production programs. (Department of State, Central Files, 396.1-PA/12-1858)

³ Admiral Sir Michael M. Denny, Chairman of the Standing Group of the NATO Military Committee.

⁴ Not found.

SACEUR began by paying tribute to example of strength and unity given by ministers in firm stand on Berlin. NAC NATO military authorities. [sic] Primary basis of NATO military policy is deterrent, which consists three elements: a) strategic retaliatory forces; b) shield forces to hold forward line and contribute to deterrent; and c) will to use our forces so that there will be no danger of war arising from a mistake in judgment by the enemy that we lack the determination to act. Objectives of NATO strategy are three-fold: a) in event of attack, either accidental or deliberate, force enemy to pause for reconsideration; b) take advantage of pause to make enemy take a conscious decision to go to war; c) ensure that aggressor, in making this decision, is fully aware that we would use all our forces. Shield forces especially well-suited for these purposes. Although they have classic task of defending territory, most important function is contribution to deterrent by forcing enemy to pause and make conscious decision in light of all forces, including retaliatory which could be used on our side. Recent threat to Berlin makes very clear importance shield forces. Although we also place heavy reliance on strategic deterrent, most direct and immediate deterrent are shield forces deployed in forward areas.

MC-70 is designed meet these requirements. Have now had first AR submission on MC-70. Whereas some countries have done well, in general results frankly unsatisfactory, not only because forces inadequate, but also because insufficient action indicated to meet goals.

Certain other problems not considered in AR must be mentioned. Introduction new weapons not proceeding at satisfactory rate and help by ministers is essential in moving program forward. Common financing has been recommended for infrastructure requirements of new weapons because a) financial burden is thereby equitably distributed; and b) NATO character of forces equipped new weapons is made [garble]. Defense is second matter of vital importance on which Council's help is needed. There are many facets to problem. One important aspect, early warning system, has finally gotten under way, after much delay. Forward scatter communications system, although approved two years ago, is only now beginning move ahead after many difficulties. Record has not been good and help of Council is needed in ensuring better rate of progress in future. Necessary to take matter out of hands of technicians and put it in hands of those who are capable of evaluating larger interests involved. Fact today is that individual countries cannot today meet their air defense requirements separately. This recognized by military authorities of all countries. Therefore strongly hope that will be possible for all member countries agree promptly so as to enable moving ahead.

SACEUR said in conclusion that some may feel that military authorities are putting pressure on political authorities. This is true and

it is their responsibility to do so. However it is primary responsibility of governments themselves to make effort required to achieve MC-70 goals, upon which security of Alliance depends.

Admiral Wright followed with presentation of SACLANT problems. Began by stressing grave dangers to Alliance of Soviet submarine threat. Virtually entire naval effort of SACLANT directed against this threat. Perfectly natural for European countries to regard Soviet submarine threat to sea lanes as less important than direct threat to European land areas, but must be recalled that Soviet submarine fleet has but one purpose: isolation of Europe from North America and hence destruction of unity of our defenses. Fruitless to try to assess relative priorities; fact is that defense of Europe, of North Atlantic and of North America are interdependent. Modern sophisticated naval weapons required to meet Soviet submarine threat place additional strain on already limited defense budgets. However vitally important that our forces be balanced to deal with various forms of threat and ministers should give fullest consideration in drawing up defense budgets to balanced collective force structure to deal with threat on sea as well as on land and in air.

Three major problem areas facing SACLANT:

(1) Meeting of MC-70 naval requirements. This most important. Must have national allocations to fill in deficiencies. As long as deficiencies continue unable establish forward naval "defensive shield" at points where Soviet submarines enter North Atlantic area. We are also unable guard against Soviet missile-bearing submarines which is all the more important because Soviet missile-bearing submarines will probably soon be able to threaten coast of Europe. Anti-submarine requirements must also be met to protect vital oil shipments through South Atlantic if Suez Canal and pipelines cut. Therefore absolutely essential countries allocate minimum naval forces called for under MC-70.

(2) Naval infrastructure. Most SACLANT naval forces now have resources only in North America. Absence of resources elsewhere in North Atlantic area greatly inhibits SACLANT operational effectiveness.

(3) Increased stocks. Essential that stockpiles be built up to cover up to time first convoys can arrive in Europe.

Chairman SG (Admiral Denny) summed up for military authorities. Stressed point made by SACEUR that requirements set forth in MC-70 were result of complete cycle of very thorough study by NATO military authorities and in sense are culmination of eight or nine years of continuous study by NATO military authorities. Under no circumstances should MC-70 be considered as providing perfect defense. MC-70 is based on assumption that all forces will be modernized, will be in place and on time, and will be furnished with full logistic support. Even if all these conditions are met, MC-70 still represents maximum acceptable military risk. Short-falls today, themselves not alarming, can however become very serious if there is further slippage. Two main

causes of concern are delay in modernization and infrastructure construction lag. Causes of delay are beyond control of military. Individual deficiencies may not be serious, but aggregate is very serious indeed. If some time in 1959 there is not promise of improvement, NATO military authorities will be forced to ask for new guidance.

Dutch (Staf) expressed thanks for "inspiring but alarming" statements by military authorities. Trend toward short-falls in MC-70 is grave situation which must be faced up to. Spaak had written letter to all governments prior to meeting urging consideration of possible further action by governments.⁵ Netherlands Government, for its part, prepared to say that it is prepared to study the recommendations made to it during AR examination and to reconsider positions it adopted.

If we merely hoped to meet MC-70 must assure our parliaments that all waste, inefficiency and duplication have been eliminated. This can only be done through greater coordination and integration of our joint NATO military efforts. Netherlands had called for action along these lines two years ago, but with little result.⁶ Heads of Government meeting last year in final communiqué had again called for progress toward integration and coordination, but without significant result.⁷ The time has now come to take concrete action. Technical developments in such fields as air defense make it imperative. Therefore propose Perm Reps study as matter of urgency what specific programs can be undertaken in such fields as air defense, logistics, balanced collective forces and training. Perm Reps should strive to work out proposals which can be approved at April 1959 Ministerial meeting. Aim should be concrete results by December 1959.

United Kingdom (Sandys) pointed out that in approving MC-70 at April Defense Ministers meeting⁸ British had agreed MC-70 goals were militarily desirable, but were not prepared to say they were minimum goals. United Kingdom had also pointed out MC-70 likely to raise serious financial and economic problems and that, if force plans could not be met, we must set priorities. In deciding priorities we will need assistance military authorities but, as SACEUR had said, decisions cannot be left to military alone. Pointed out that setting up national forces is three-step operation: 1) military draw up requirements; 2) civilian Ministry of Defense screens these requirements; and 3) cabinet decisions are fi-

⁵ Not found.

⁶ The Dutch call for greater coordination and integration of the NATO military effort at the NATO Ministerial Meeting in December 1956, was reported in Polto 1398 from Paris, December 12, 1956; see *Foreign Relations, 1955-1957*, vol. IV, p. 116.

⁷ See Document 131.

⁸ See Document 133.

nally taken. Step 2 is missing in NATO procedure. Military authorities' statements of requirements go direct to NAC, which serves as cabinet. Therefore proposed that International Staff fulfill for NATO job performed by civilian authorities in Ministries of Defense. International Staff could recommend appropriate adjustments in forces before their presentation to NAC. United Kingdom also supported Netherlands proposal for urgent study of integration.

United Kingdom may not be able meet all MC-70 requirements, but will do utmost. Certainly firmly intend do fair share. United Kingdom presently spends 8 per cent GNP on defense, much more than most. Furthermore, United Kingdom has many other obligations, such as SEATO, Baghdad Pact, dependent territories, etc., requiring 100,000 men in Far East and Middle East. These forces vitally important to defense of free world, since cannot defend Europe in Europe alone. Recent United States-United Kingdom actions in Lebanon and Jordan highlight this.

United Kingdom must also take into account heavy drain of its strategic military program, 200,000,000 pounds being spent on research and development of weapons. United Kingdom bomber command also has vital role. In case of all-out war first counter-attack would be United States-United Kingdom planes from bases in Europe and North Africa, with actual majority of first planes from RAF.

Must stress importance nuclear deterrent. Yesterday Council adopted firm position on Berlin.⁹ This could never have been done without immense nuclear power of United States. Only two ways in which nuclear deterrent could be undermined: 1) Soviet ability to destroy United States strategic retaliatory force by surprise attack; and 2) indication of lack of will to use deterrent by United States. Soviet ability to destroy retaliatory force by surprise attack likely to be eliminated by new underground missile installations. United States will to use nuclear weapons made movingly clear by Secretary Dulles yesterday.¹⁰ In spite statements by certain politicians, Generals and Admirals, there should be no question of United States determination to use its retaliatory power. However, irresponsible talk questioning credibility of deterrent may cause Soviets to make fatal mistake. Therefore believe NATO communiqué should reaffirm NATO willingness use deterrent.

Coordinated production of weapons is field in which NATO should now make real effort to move ahead. There has been too little progress to date. Must be realized by all concerned that cooperation in this field is two-way street, with sacrifices required by all. Quite likely

⁹ See footnote 1, Document 170.

¹⁰ See Document 169.

that United Kingdom, with biggest armaments industry in Europe, will have to make heavy sacrifices.

Sandys concluded by saying that disruption of NATO remains one of principal Soviet aims. United Kingdom will continue to play its full part in strengthening NATO.

Secretary McElroy, after complimenting SG, SACEUR and SACLANT on their excellent presentations, gave statement reported separate cable.

Canada (Pearkes) pointed out that Canadian contribution to NATO defense is of dual nature: contribution to shield in Europe and contribution to North American defense. Latter is vital part of over-all NATO defense, especially now that direct attack against North America possible.

United States and Canada have developed integrated air defense system, consisting three early warning chains, with seaward extensions. Eventually intended to link this system with SACEUR's. This whole system jointly controlled, manned and operated by Canada and United States. Integrated air defense is important question in Europe; Canada and United States have already in being highly successfully integrated air defense system. Canada's general defense situation difficult at moment because of uncertainty as to types of weapons to be used: ie, manned aircraft or missiles. Canadian policy towards its forces in Europe is to meet MC-70 force goals. Re-equipment and modernization of forces are major problem, however, with difficult decisions in process of being taken. Defense expenditure next year will remain at same level as 1958. Unable predict beyond that largely because of uncertainties as to type of armament. Canada will make every effort reach MC-70 goals.

Norway (Handal)¹¹ noted that Annual Review had indicated considerable further effort in defense was required. Increasing resources for defense virtually impossible and changing Political Directive undesirable.¹² Best solution therefore for every country to ensure maximum efficiency in its effort. Norway has shifted some of its forces, having found that some were not contributing to NATO purposes. Norway shares view of Dutch that greater coordination for integration required.

Turkey (Zorlu) emphasized gravity of Soviet threat. Stressed importance not relying on nuclear deterrent alone. MC-70 force goals are not ideal but merely bare minimum. He pointed out that military authorities have recognized need for additional Turkish forces but hesi-

¹¹ Nils K. Handal, Norwegian Minister of Defense.

¹² The Political Directive to the NATO Military Authorities from the North Atlantic Council was approved by the NAC on December 13, 1956. A copy of the Directive (C-M(56)138(Final)) is in Department of State, Conference Files: Lot 62 D 181, CF 822.

tated to recommend increases because of financial limitations. Turkey therefore hopes that other countries, acting in spirit of Alliance, will be able provide financial support. Turkey strongly supports new common financing of infrastructure for new weapons. National financing contrary to NATO "spirit" and imposes unfair financial burdens on certain countries where majority of installations are located.

173. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 18, 1958, 3 a.m.

Polto 1742. From USDel. Subject: NAC discussion Agenda Item III: Present status of NATO military effort.

Following is report on NAC Ministerial discussion of Item III resumed at 3:30 pm December 17.¹

Highlights: Council approved, without specific comment on text, resolution on 1958 Annual Review (C-M(58)150 (revised)).² Requested International Staff draft further resolution appropriately based on the debate on future action on NATO defense effort. Latter to be internal and not in communiqué and to be discussed by Ministers Thursday³ prior to action on final communiqué. Statements in afternoon session by Italy, Belgium, Germany, France and Greece.

Spaak summed up discussion stating military situation vis-à-vis USSR certainly has not improved. Must face fact of Soviet military growth. From Annual Review must recognize gap between military requirements and what nations ready to do. Military authorities consider this already serious but hope future efforts of members of Alliance will be greater. If not, military authorities say present unsatisfactory tendency could become very grave. Spaak stated understood economic and financial justifications for failures, but must be noted economic situation

Source: Department of State, Central Files, 740.5/12-1858. Top Secret. Transmitted in two sections. Repeated to London and pouched to the other NATO capitals.

¹ The verbatim (C-VR(58)64) and summary (C-R(58)64) records of this session, both dated December 17, are *ibid.*, Conference Files: Lot 64 D 560, CF 1177.

² See Document 174.

³ December 18.

in most countries improving. Unlimited defense increases not being requested.

Spaak drew attention great powers to views of smaller countries (on further integration of effort). Stated common infrastructure for atomics, integration of air defense, integration in general, all important and urgent. NAC should do something. It would avoid its responsibility if, having heard these problems, it postponed them another year. This would be bad end for best debate in years.

Spaak then proposed IS draft resolution pulling together ideas presented including resolution prepared by Benelux⁴ not yet seen by all countries.

Italy led off afternoon discussion stating recognized MC-70 figures as minimum NATO military requirements. Stated internal security forces also needed to meet national responsibilities. Latter included five 2nd echelon divisions, 68 small tonnage craft and 58 aircraft. Stated division between NATO and national authority responsibilities should be freely studied as frontiers now artificial. Italy has developed long term plan of reorganization. Made welcome statement that defense expenditures to be increased 4 percent per year for next five years. This together with economies in forces will meet, at least in part, requirements. Expressed hope conventional type equipment still in short supply may yet be provided. Stated 25 billion lire to be spent during next five years for civil defense. Stated hope other countries also do something as this only guarantee of survival.

Belgium, in rambling discourse, said yes, no and maybe. Said gaps and deficiencies outlined in AR are serious concern and worry. Major concern is how and by what method reach goals. Alternatives are either devote more and more of national resources to military or make better use of means at our disposal. Must do both. There are financial and manpower limits; smaller countries can arrive quickly at end of resources. Latest Belgium estimate is that approximately 30-40 percent increase over 1956 budget required to meet MC-70, so Belgium must make better use of resources. Only by organization and rationalization can small country attain sufficient security.

He appealed to allies to mutualize efforts; lack of standardization places heaviest burden on smallest. Urged pooling and integration of efforts in every field possible. If this not done could prevent smaller, and perhaps all, doing what is needed. Welcomed Sandys' idea;⁵ said agreed must apply political decisions to military requirements. Political control through SecGen is needed. Uncoordinated national efforts too

⁴ Not found.

⁵ See Document 172.

wasteful. Should get report by April what measures necessary to meet MC-70.

Germany (Strauss) stated accepted MC-70, approved 1958 AR report⁶ and would examine recommendations with greatest care. Welcomed proposal by Sandys to check implications and consequences in detail. Recited difficulties, in build-up of forces, of land acquisition, obtaining personnel, provision of training, selection of types of equipment, etc.; stated incredible delays involved in infrastructure procedures; welcomed review of bidding procedure; international competitive bidding could be eliminated in interest of speed.

Cited problem of providing airfield infrastructure requirements. NATO standards called for one squadron per field. Germany must assign two squadrons for next 4 or 5 years, hence additional infrastructure a German responsibility. This involved not only financial burden but many procedural delays. Urged allocation of lump sum for certain categories of infrastructure in line of individual screening of project authorization.

Re new weapons systems, said needed from allies good cost estimates and opportunity study data on all future and present systems. Weapons so costly can't afford bet on wrong horse. Strauss urged full integration of NATO air defense (both high and low level) immediately in peacetime. Referring to GFR need of space to train airmen, urged SACEUR coordinate use of all training areas. Favored joint production of certain weapons. Hoped Hawk experiment might be model.⁷ Armaments Committee should harmonize bilateral and multilateral efforts of members. Must have jointly established military requirements. Said new committee for military requirements essential to permit coordinated production of equipment. Suggested should be within Military Committee framework.

Strauss said agreed with Sandys and McElroy that nuclear deterrent necessary. Two parts are: 1) strategic, 2) tactical to make "gapless" shield.

Said for second year urged IS take up question of psychological defense.⁸

German Finance Minister Etzel outlined financial burdens stemming from Berlin, refugee problem, other social expenditures resulting

⁶ A copy of the Report of the 1958 Annual Review, C-M(58)141, is in Department of State, Conference Files: Lot 64 D 560, CF 1161.

⁷ See footnote 4, Document 168.

⁸ Reference may be to Strauss' statement at the NATO Defense Ministers Conference on April 16 in which he emphasized the danger of gradually growing neutralism and the psychological effort to convince the citizenry of the need for vigilance and preparedness. (Polto Circular 24 from Paris, April 16; Department of State, Central Files, 740.5/4-1658)

from special German position. Stated must maintain good economic condition and internal stability. Germany had given cautious response to IS request for increased defense expenditures. Too early to assess cost and not possible to forecast for long period. Felt Germany would do all it can within financial possibilities to reach MC-70 goals.

France (Guillaumat) stated government must remain uncertain re MC-70 commitments because of recent situation, especially Algeria. Said any failure in North Africa would permit Soviet influence to spread over Mediterranean to Atlantic.

France to undertake reorganization plan providing new army units more mobile and equipped to deal with subversive attacks; air force to be missile equipped and mobility increased; navy to be provided new weapons and nuclear propulsion. Also referred to research efforts. Timing of reorganization depends on many things, especially financial. Stated government devoting 9 percent of GNP to defense; second highest in Alliance. Said taxes now high and likely to be higher in toto. Had to balance obligations within and outside Alliance. This led to choices and priorities, but France not disregarding NATO but following path of sacrifice and hardship.

Greece repeated previous suggestion that wide publicity be given SGN facts and figures to counteract Soviet propaganda and gain needed greater monetary support from parliaments.⁹ Stated obsolescence and replacement requirements coupled with introduction new weapons created heavy burden. Said would do best possible with outside help but in view of weak economy must be careful. Urged that coordinated production plans utilize industrial capacity of all small countries.

After Spaak summary, General Norstad reported on progress on IRBM and atomic stockpile plans. SACEUR activity re IRBM's had been in two areas: 1) deployment, and 2) determining military requirements for second generation IRBM having solid fuel and advanced performance. With respect to presently available Thors and Jupiters, there had been discussions and broad agreement on principles between NATO authorities and Italy, followed by Italian-US technical discussions. Result was expected operational capability one squadron Thors by early summer. Said would not refer by name to other countries where deployment under negotiation. On second area of activity, desired future development military characteristics had within month been circulated to appropriate authorities, including Meili.¹⁰ Briefly outlined

⁹ Presumably a reference to the Greek statement on strengthening economic resources of NATO at the December 16 session; see Document 170.

¹⁰ Ernest Meili, Assistant Secretary-General for Production and Logistics, International Staff/Secretariat, NATO.

characteristics. Expressed hope second generation could be operationally available not later than 1963.

On atomic requirements, Norstad said Ace Plan dated 12 September 1958¹¹ had been distributed concurrently within NATO and to MOD's. This plan gave requirements to mid-1960 and studies now being made to carry it to 1963. Hoped to develop minimum number of stockpiles to support delivery units of forces and in accordance MC-70 requirements. Would keep to minimum by doubling up and sharing use among several units. Summed up general yearly requirements estimated. He stated Admiral Wright had developed phased requirements thru 1963 for SACLANT and CHANCOM. SHAPE would act as agent for SACLANT required sites in Europe.

No questions were addressed to Norstad.

Spaak then raised question of adoption of AR resolution (CM(58) 150S (Revised)) and, in absence anyone desiring to comment, stated it adopted. Sandys commented hoped future resolutions could be drafted in simpler form. Stated was sure he in agreement but couldn't entirely follow meaning.

¹¹ Not found.

174. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 18, 1958, 3 a.m.

Polto 1744. From USDel. Below is verbatim text of 1958 Annual Review approved at NAC Ministerial Meeting December 17:¹

"The North Atlantic Council:

*Having considered the Report on the 1958 Annual Review and document MC (39)10 containing the Military Committee's comments thereon,*²

Having noted:

That the Review has been directed not only towards a critical examination of the status of forces of member countries and the indication

Source: Department of State, Central Files, 396.1-PA/12-1858. Secret. Repeated to the other NATO capitals.

¹ See Document 173.

² See footnote 6, Document 173.

of the improvements which can be worked into each country's defense programme for the period beginning in 1959, but also to the analysis and to the preparation of comments on the first reaction of NATO countries to the minimum forces requirements of MC 70 for the period 1959-1963;

That the 1958 Annual Review cannot be considered as having produced final decisions as regards countries' intentions on the full implementation of the requirements of MC 70 and of MC (55)1;³

That the NATO Military Authorities consider that 'unless present unfavourable trends in the building up of NATO forces and support structure are corrected, the military posture of the North Atlantic Treaty Organization will, by 1961, be deficient to the extent that the military security of the NATO area will be in serious jeopardy and that the over-all defense planning of the North Atlantic Treaty Organization will require major review.'

1. *Brings to the attention of all NATO countries* the serious impact of the shortfall of forces reflected in the 1958 Annual Review on the capability of the major NATO Commanders to carry out their assigned missions and tasks during the period through 1961;

Having taken cognisance of the force plans for 1959, 1960 and 1961 (firm, provisional and planning) indicated by countries in their reply to the 1958 Annual Review Questionnaire and recapitulated in the statistical annexes to the Country Studies;⁴

2. *Takes note* of the country force plans for 1959 summarized in the annexes to the Country Chapters, to the implementation of which each country has firmly committed itself, under the conditions set out in its reply to the questionnaire.

3. *Recommends* that countries should endeavour to meet the force levels laid down for 1959, 1960 and 1961 by the NATO military authorities for the Army and Air Forces, and those for 1962/63 for the Navy.

4. *Urges Governments —*

(a) To meet at least their firm commitments with respect to 1959;

(b) To deploy the maximum effort both individually, and through closer co-operation between member countries, to carry out the recommendations of the NATO military authorities and of the International Staff contained in the Country Chapters, in order to remedy present serious deficiencies in the military posture of NATO, as reported in MC 39/10, and to correct adverse trends highlighted therein;

(c) To make known, as soon as possible, their clear intentions as regards the implementation of these recommendations for the period through 1961 and their general intentions with respect to the 1963 MC 70 minimum essential force requirements;

³ Not found.

⁴ The 1958 Annual Review Questionnaire has not been found. The Country Chapters and statistical annexes comprised Part II of the Report of the 1958 Annual Review (C-M(58)141), a copy of which is in Department of State, Conference Files: Lot 64 D 560, CF 1161.

(d) To maintain close consultation with the NATO Military Authorities in the implementation of recommendations and before making only changes in their NATO forces.”

175. Telegram Polto 1739 From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 18, 1958, 3 a.m.

[Source: Department of State, Central Files, 396.1-PA/12-1858. Secret; Limit Distribution. 7 pages of source text not declassified.]

176. Memorandum of Conversation

USDel/MC/26

Paris, December 17, 1958.

[Source: Department of State, Conference Files: Lot 64 D 560, CF 1169. Secret. 3 pages of source text not declassified.]

177. Telegram From Secretary of State Dulles to the Department of State

Paris, December 17, 1958, 11 p.m.

Dulte 5. Eyes Only Acting Secretary for President from Secretary.

Dear Mr. President: This morning and most of the afternoon were devoted to the military aspect of NATO. It was on the whole a protestation of desire to support the present MC-70 program. However Duncan Sandys indicated that he did not think that it could be successfully accomplished and that therefore the military should be asked to establish “priorities”.¹ This would of course mean that everything but the

Source: Department of State, Central Files, 740.5/12-1858. Secret.

¹ See Document 172.

priorities would be sloughed off. I do not think that this idea will be accepted. On the whole the spirit was one of encouraging greater effort to meet the agreed goals.

After the military discussion ended about five p.m., we resumed political discussions. [12-1/2 lines of source text not declassified]

Lloyd saw De Gaulle this afternoon and told me that he got the impression which confirms my own that De Gaulle feels that the present NATO might as well be scrapped and a fresh start be made under triumvirate auspices.²

I had a private talk with Couve de Murville this morning from which I get the impression that none of De Gaulle's advisers share his rather extreme views about the triumvirate and NATO.³ [3 lines of source text not declassified]

I greatly appreciated your message.⁴

Faithfully yours. Foster.

Dulles

² See Part 2, Documents 81 and 83.

³ See Part 2, Document 81, footnote 10.

⁴ See Part 2, Document 82, footnote 5.

178. Telegram Polto 1754 From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 18, 1958, 9 p.m.

[Source: Department of State, Central Files, 396.1-PA/12-1858. Secret. 7 pages of source text not declassified.]

179. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 18, 1958, 10 p.m.

Polto 1757. From USDel. Subject: Ministerial Meeting on defense resolution under Item III of agenda, December 17 [18].

Source: Department of State, Central Files, 396.1-PA/12-1858. Secret. Repeated to London and pouched to the NATO capitals.

After conclusion Item II of agenda, morning session turned to IS draft resolution (copies pouched addressees).¹

Summary: After disclosure of differences between United Kingdom on one hand, and United States and some others re proposed British amendment implying favorable consideration of Sandys' proposal for political level review of NATO military requirements, debate adjourned until afternoon. Only solution to U.S.–U.K. split was proposal not to have any resolution, which was unacceptable to Benelux, so compromise language proposed by Italy accepted by Council. Full text final resolution sent separately.² *End summary.*

Spaak explained IS draft. Council accepted first and third paragraphs without debate.

Issue focused on paragraph 2, with Sandys (U.K.) leading off with statement that IS text too broad and failed mention some proposals made.³ Sandys referred to his own suggestion to improve methods by which Permanent Council examines requirements put forward by military authorities. Too little opportunity for civilian and political examination of requirements at busy Ministerial meeting. Unable to discuss, e.g., priority between SACEUR and SACLANC requirements. Since there are difficulties in meeting all requirements, essential examine them more closely and make most economic use of resources. He therefore preferred alternative text for paragraph 2 (pouched).⁴

Germany supports U.K. Dutch, however, pointed out alternative draft left out phrase "strengthen NATO defense effort", and it is imperative to tell parliaments that this is purpose of whole exercise. Suggested Permanent Council agree Defense Ministers prepare NAC Ministerial meetings as reply to Sandys' complaint. Strongly preferred original draft.

U.S. (Secretary McElroy) made strong statement regretting necessity disagree with U.K. Much concerned at alternative proposal. Alternative seems to imply lack of confidence by governments in military requirements established by MC-70 at time when should be very clear particularly in light Berlin that our emphasis is on belief in soundness of requirements. Must not now add to doubts that military forces can be kept in being. Ministers yesterday gave clear evidence efforts being made by all to meet requirements. Secretary particularly praised Italy. Much better to stand fast so far as requirements go, give Secretary General approval to make trips to capitals, and observe whether situation

¹ Transmitted in Polto A-410 from Paris, December 19. (*Ibid.*, 396.1-PA/12-1958)

² See Document 180.

³ [Text not declassified]

⁴ [Text not declassified]

may not be more favorable before any decision taken. Alternative draft implies that military requirements be reviewed under political auspices.

Belgium said U.S. arguments changed their minds and they now felt U.K. proposal adulterated text. U.K. idea gives more stress to questioning needs of Alliance and fails to meet Belgium point of yesterday re special problem for smaller countries.⁵

Canada proposed adding to IS draft that part of U.K. alternative language "to study ways of improving the methods for the examinations by the Council of the military requirements submitted to it".

Portugal supported, but U.S. said same question still remained.

After some give and take on this issue, Belgium then proposed to drop reference to "coordination" in paragraph 2 of IS draft, saying that since "integration" unacceptable (to French) word "coordination" should not appear as it might preclude consideration of integration. Canadian solution reflected in re-draft (RDC58/443 Revised) (pouched)⁶ which was before Council afternoon recess.

3 p.m. session⁷ opened with U.S. statement that in order to resolve conflict re paragraph 2, and since Canadian idea implied doubts as to MC-70 validity at time when strength of Alliance under test, and since SecGen already has authority to make visits and Permanent Council authority undertake any studies without ministerial direction, U.S. and U.K. proposed no resolution be issued. Dutch opposed strongly, saying they must tell story of NATO action on their proposal to parliament. Urged Canadian amendment be deleted. Ministers should direct Council.

Sandys said that while question of procedure and examination of military requirements by Permanent Council of great importance, it need not go into resolution. However, could not just omit this one point and refer to others in resolution. Belgium strongly supported Dutch. Turkey said that if suggestion of one minister included, suggestion of all should be included. U.K. then proposed that in lieu of paragraph 2, resolution invite Permanent Council to examine and report on suggestions made by different delegations in debate. U.S. replied that would be too general to meet U.S. views, and believed U.S. alternative suggestion which might be put forward would certainly not meet U.K. views.

⁵ See Document 173.

⁶ RDC58/443 Revised has not been found but is presumably the same as the revised text of paragraph 2 of the draft resolution, which was placed before the December 18 afternoon session. [text not declassified]

⁷ The verbatim (C-VR(58)67) record of this session, dated December 18, is in Department of State, Conference Files: Lot 64 D 560, CF 1178. No summary record of this session has been found.

Therefore proposed Council return to original paragraph 2 or drop resolution.

Spaak supported having resolution. Spaak said MC-70 was not in question as it was already accepted by yesterday's resolutions. But no one had said could carry requirements out and military situation is serious and we cannot close eyes to problems.

Italians proposed to delete all detail from paragraph 2 and merely invite Permanent Council to pursue actively study of measures to strengthen NATO defense efforts in light of statements made by ministers.

Spaak asked U.S. what danger it saw. Secretary McElroy replied issue very simple. MC-70 and military requirements for future should be prepared by qualified military experts. Proposal indicates to us that there would be imposed on top of that a political judgment of individuals who with the best intent in the world have no similarly military capability to pass judgment.

Spaak recognized question whether Alliance could follow pattern of individual nations in having political review of military statement of requirements was very important, but felt it would be mistake to indicate system could not be improved. Sandys said he wished to make clear U.K. had no doubts as to validity of MC-70. Spaak again referred to text of AR resolution in which nations had committed themselves to do best possible to meet MC-70. Council then accepted Italian formula.

180. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, December 18, 1958, 9 p.m.

Polto 1756. Following is text resolution on defense as adopted Ministerial meeting December 18 (see cable reporting December 18 discussion under Agenda Item III).¹

Begin Verbatim Text:

The North Atlantic Council

Having discussed in their various aspects the problems facing the Alliance in the defense field, in the light of reports by the NATO military

Source: Department of State, Central Files, 396.1-PA/12-1858. Secret. Repeated to London and pouched to the other NATO capitals.

¹ Document 179.

and civil authorities on the present status of the military effort of the Alliance; and having adopted the resolution on the 1958 Annual Review;²

(1) Invites the Secretary General, in agreement with member governments, and if necessary through visits to NATO capitals, to follow up in the new year the problems involved for each NATO country in the implementation of the recommendations put forward by the military authorities and the International Staff during the 1958 Annual Review.

(2) Invites the Permanent Council to pursue actively the study of measures to strengthen the NATO defense effort in light of the proposals made by ministers during the discussion.

(3) Invites the Secretary General to submit to the Council at the Ministerial meeting in April 1959, a report on the progress made in implementation of this resolution.

Burgess

² See Document 174.

181. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 18, 1958, 10 p.m.

Polto 1759. From USDel. NATO Ministerial Council, meeting in restricted session afternoon December 18,¹ after completing action on defense resolution (reported separately),² turned to draft communiqué. Communiqué was agreed and text is being transmitted separately.³

At conclusion of meeting Secretary expressed appreciation of Council to Spaak for manner in which latter had guided Council's fruitful deliberations. Secretary also thanked International Staff for their

Source: Department of State, Central Files, 396.1-PA/12-1858. Confidential. Pouched to the other NATO capitals.

¹ The verbatim (C-VR(58)68) record of this session, dated December 18, is *ibid.*, Conference Files: Lot 64 D 560, CF 1178. No summary record of this session has been found.

² See Document 180.

³ The draft communiqué has not been found. For text of the final communiqué, December 18, see Department of State *Bulletin*, January 5, 1959, pp. 3-4.

work. Secretary said that spirit of unity displayed by NATO at this Ministerial meeting was best guarantee that peace would continue to be maintained.

Meeting ended at 6 p.m.

182. Telegram From Secretary of State Dulles to the Department of State

Paris, December 18, 1958, 8 p.m.

Dulte 8. Eyes only Acting Secretary for President from Secretary.

Dear Mr. President: The NATO conference is now over, the last three hours being devoted to the usual linguistic battle about the communiqué. In a sense the session has been anti-climactic in that the most important pronouncement was made on Sunday by the Three plus Germany. Then there came the NATO Council back-up of their statement and that left not much of significance for the remainder. However, the final communiqué is, I think, creditable although not spectacular. I am about to have a background press conference¹ and then go straight to the airport where I look forward to the luxury of your *Columbine* and its wonderful crew. We expect to go through to Jamaica with the plane then returning at once to Washington. I look forward to a few days of relaxation and what I hope will be sunshine and perhaps a little swimming. I shall probably not be back before Christmas so I now send Best Wishes of Janet and myself to Mamie and yourself for the Christmas season. Faithfully yours, Foster.

Dulles

Source: Department of State, Central Files, 110.11-DU/12-1858. Confidential.

¹ The transcript of the Secretary's background press conference was transmitted in Polto 1760 from Paris, December 19. (*Ibid.*, 396.1-PA/12-1958)

183. Telegram Polto 1863 From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, January 6, 1959, 2 p.m.

[Source: Department of State, Central Files, 740.5/1-659. Secret. 2 pages of source text not declassified.]

184. Telegram 2479 From the Embassy in France to the Department of State

Paris, January 8, 1958, 7 p.m.

[Source: Department of State, Central Files, 740.5/1-859. Secret; Limit Distribution. 2 pages of source text not declassified.]

185. Memorandum of Conversation Between President Eisenhower and Secretary of State Dulles

January 8, 1959, 10:35 a.m.

[Here follows discussion of an unrelated matter.]

2. I discussed with the President the attitude of General de Gaulle toward NATO and our problems. I referred particularly to the memorandum of conversation between General de Gaulle and Selwyn Lloyd which indicated resentment that France was in effect under United States control through NATO whereas U.S. military power was entirely independent.¹ I mentioned the tripartite talks which we had planned and my hope that this might alleviate the situation.²

[Here follows discussion of unrelated matters.]

JFD

Source: Eisenhower Library, Dulles Papers, Meetings with the President. Confidential; Personal and Private.

¹ See Part 2, Document 83.

² See Part 2, Documents 77 and 78.

186. Telegram From the Embassy in Germany to the Department of State

Bonn, January 23, 1959, 7 p.m.

1576. Paris pass Thurston, USRO and CINCEUR. Subject: Quarles–Strauss discussion, Jan 21.¹ After usual amenities Secretary Quarles initiated discussion by reporting US will meet all MC–70 goals, but that tight budget will require continuation low level grant military aid, that certain quarters in US felt pace of German buildup could be quickened. Sec Quarles stated that US has no plans to pull out its forces but it can reasonably be expected that they cannot remain here forever.

Min Strauss initiated his remarks with reference to helpfulness of MAAG and expressed hope that US units would remain in West Germany. He pointed out that both were useful in training the West German forces. Strauss said also that it was too bad that the French could not maintain their strength in Europe. Strauss then proceeded to raise cluster of problems revolving around central problem of release military information to FedRep. He expressed recognition much had been done recently but hoped that still more could be done and in this connection stated that FedRep would like to send to US in March or April small group officers and scientists, cleared for top secret, who could obtain desired information including top secret. He explained that this team could work into entire range of problems connected with German decisions to acquire more advanced weapons, particularly missiles and supersonic aircraft. He said on basis this group's investigations he and his military planners could then determine which missiles best suited for German requirements. Also added that FedRep, either alone but preferably with European partners would like to institute real R & D program on these newer weapons, but that they wanted to start "from where you are now, so that we can avoid preliminary research that has already been done in US".

Sec Quarles encouraged Min Strauss in any endeavors to secure needed information to make decisions and stated that he would give his attention to the making of proper arrangements. He encouraged them to move ahead on some of these second generation missiles (the lesser

Source: Department of State, Central Files, 102.202/1–2359. Secret. Repeated to Paris.

¹ Highlights of Quarles' discussions with European defense leaders during his trip through Western Europe January 8–29, based on official and informal reports received in the Department of State from Embassies, were contained in a memorandum from Merchant to Secretary Dulles, January 30. (*Ibid.*, 102.202/1–3059) See also Part 2, Document 283.

complicated ones) and expressed US desire to work with Fed Rep to this end.

[1 paragraph (7 lines of source text) not declassified]

Min Strauss proceeded by stating that Germany wanted to meet all of its MC-70 goals and to this end had increased its Nike Battalions to a total of six, three more to be added in the period of 1960-61. He stated that in addition they were planning a total of nine Hawk battalions, six of which would be integrated with the fixed Nike system, and three with three German corps. In response to his assertion that they were interested in ascertaining whether Hawk can be used on naval craft, Sec Quarles indicated that this would require a great deal of work but that he would welcome any effort the FedRep might make in this direction. Strauss indicated his interest in Mace and Sec Quarles discussed the merits of Mace types A and B at some length.

Min Strauss indicated his desire to have "instant and complete information" on the Sidewinder with a view not only to buying some but to producing it. He stated that the dimensions of this weapon were such that the WEU restrictions would not apply. He also expressed a desire to have information on certain radar systems for ground environment control.

Min Strauss then asked Sec Quarles to what extent the US was prepared to provide spare parts support to the German forces in the event of war. He asked whether if the war extended beyond 90 days or if the 90-day reserve stocks were knocked out early in combat whether the US would supply them or perhaps the FedRep should buy spare parts and store them in, for example, Spain or the US. Sec Quarles said he would look into the matter. Min Strauss then expressed his hope that the US would station some F-104 units in Europe. Sec Quarles agreed to consider it. Min Strauss asked if some arrangement could be worked out whereby German pilots could have combat training in US. Sec Quarles indicated that the US favored the maximum of training of GAF pilots in US schools. Strauss also hoped that the US Air Force would help German Air Force in the test of equipment involved in modification of the F-104. Sec Quarles indicated his appreciation that this was a tremendous problem and that when the technical team comes to the US both sides should be prepared to go into this problem at length.

[1 paragraph (8 lines of source text) not declassified]

In closing Minister Strauss indicated that as far as the Defense Ministry was concerned, they foresaw no financial troubles this year, next year or the following year.

Bruce

187. Memorandum From Secretary of State Dulles to President Eisenhower

January 23, 1959.

Yesterday the French Ambassador came to see me under instructions from General de Gaulle.¹ Among other things he spoke of the commitment of French forces to NATO. He said that De Gaulle did not presently propose any change of the status as far as related to the arrangements affecting Western Europe. He did, however, insist that, insofar as the Mediterranean was concerned, the French naval forces should be as free as were the U.S. Mediterranean forces, notably the Sixth Fleet. I said that while this was a matter for all of NATO to consider, we would, of course, give consideration to his position and indicate our attitude in the near future.

JFD

Source: Eisenhower Library, Whitman File, Dulles–Herter Series. Secret. The source text bears the President's initials.

¹ See Part 2, Document 89.

188. Letter From President Eisenhower to Secretary of State Dulles

January 26, 1959.

DEAR FOSTER: This note refers to your memorandum of your conversation with the French Ambassador.¹ This whole question raises again—this time from the other side—the doubt that I have so frequently expressed that the command structure involving our United States Naval Forces in the Mediterranean is properly devised.

In short, I believe that the United States forces should be primarily assigned to SACEUR in the Mediterranean, but with the proviso that

Source: Eisenhower Library, Whitman File, Dulles–Herter Series. Secret.

¹ Document 187.

such forces can be used by the United States government for diplomatic and other special missions as required.

The agreement should specify that prior notice would be given to SACEUR.

I have previously spoken to Secretary McElroy about this matter.² The receipt of this message from de Gaulle through his Ambassador indicates that we should do some thinking on this business. Possibly you and McElroy, and maybe even some of the other Defense officials, should have a little conference on the subject.

As ever,³

² No record of this conversation has been found.

³ Printed from an unsigned copy.

189. Telegram 2793 From the Embassy in France to the Department of State

Paris, January 30, 1959, 8 p.m.

[Source: Department of State, Central Files, 700.5/1-3059. Secret; Priority; Limited Distribution. 2 pages of source text not declassified.]

190. Memorandum of Conference With President Eisenhower

February 9, 1959, 10:30 a.m.

OTHERS PRESENT

General Twining
Major Eisenhower

General Twining opened by telling the President of the visit of General Norstad, who had been in Washington for the week end. The pur-

Source: Eisenhower Library, Whitman File, DDE Diaries. Top Secret. Drafted by John S.D. Eisenhower on February 10.

pose of his trip had been to testify before the Mahon Subcommittee (Defense) of the House Appropriations Committee.¹ On Saturday morning² General Norstad met with the Joint Chiefs of Staff. The subject at time had been the current U.S. position on contingency plans for Berlin, which General Norstad had thought was very fine. To this the President added Secretary Dulles had had a successful trip to Europe and had reported that the French are taking a much more positive view on the Berlin question.³ (The Secretary had pointed out, however, that despite their resolution, the French have very little capability available in Europe itself.)

General Twining then mentioned the idea of a military representative to the tripartite meetings which are being held in Washington between Alphand, Caccia and Murphy.⁴ (These are being held in response to De Gaulle's desire for tripartite discussions within NATO.) Specifically, Admiral Dennison⁵ had been present at the first meeting, held recently, to brief on the subject of the Far East. The Joint Chiefs of Staff desire to terminate this procedure of providing a military representative at first chance, fearing that too many political problems will be pushed off on the military. General Twining promised that he would see Mr. Murphy on the subject. He added, however, that at the meeting between Secretary Dulles and General De Gaulle it had been helpful to the Secretary to be able to state that we provided a military representative to this tripartite meeting. General Twining believes that he has now arrived at an estimate of what De Gaulle wants. Primarily, he desires to have a veto over the use of our Strategic Air Command.

General Twining then brought up the matter of personnel changes in Europe. General Norstad had voiced the desire to remain in his present job to the end of this Administration; specifically, he feels he should wait until after the 1960 election. General Norstad had pointed out that he desires to retire rather than continue on active duty, since his investment in the European job is so heavy as to practically cut him off from any terms of reference of a job in the U.S.

The President was in general agreement with General Norstad's desires, although he feels that late summer of 1960 would be a preferable time for the switch. He stated that he would like to make the change about three or four months before the end of the Administration. He

¹ Norstad's testimony has not been found.

² February 7.

³ Regarding Dulles' trip to Europe February 3–9, see Part 2, Document 94.

⁴ See Part 2, Documents 92 and 93.

⁵ Admiral Robert L. Dennison, Commander in Chief, U.S. Naval Forces, Eastern Atlantic and Mediterranean.

would like General Norstad to remain on active duty after his return to the U.S.; but he fully realizes the difficulty in readjusting from a position of SACEUR to any other. He asked General Twining to request General Norstad to come and visit him next time he is in Washington.

As to the timing of a departure by General Norstad, the President sees no problem. General Schuyler's changeover will occur in June 1959. His replacement will eventually become SACEUR. This will make June 1960 the first time in which General Schuyler's replacement could take over from General Norstad, since it would require at least a year for an officer in the Chief of Staff position to "sell himself" to the European nations. The President pointed out that he had followed this procedure with General Gruenther,⁶ and that only in the case of General Ridgway⁷ had an officer been sent in from another area to take over that command.

General Twining then stated that General Norstad would favor General Taylor as his replacement, although they all realize that General Taylor has completed his tour as Army Chief of Staff, and the Secretary of Defense thinks it unwise to appoint him for a third term. Accordingly, General Twining feels that General Taylor could take over the position of Deputy CINCEUR, now held by General Palmer. On this the President reviewed some names of officers he would nominate for this position. He agrees with the difficulties in the appointment of General Taylor, but feels (and General Twining agrees) that the officer should come from the Army. Specifically, the President mentioned General Decker,⁸ General Davidson, and General Lemnitzer. In response to General Twining's statement that General Lemnitzer is slated to be Chief of Staff, the President answered that that officer should be groomed for General Twining's position, Chairman of the Joint Chiefs of Staff. Some discussion of individual officer qualifications then followed, with General Twining expressing the view that if SACEUR is to be an Army officer, then the position of Deputy CINCEUR, presently held by General Palmer, should be held by an Air Force officer.⁹ He also stated that Gen-

⁶ General Alfred M. Gruenther, SACEUR, 1953-1956.

⁷ General Matthew B. Ridgway, SACEUR, 1952-1953.

⁸ General George H. Decker, Commander in Chief, U.N. Command, Korea.

⁹ In a memorandum of conversation between the President and McElroy on March 6, prepared by Goodpaster on March 10, McElroy reported that he had spoken to General Taylor regarding possible assignments aimed at his assuming the post of SACEUR, and Taylor had told him he did not wish to continue in service for that purpose. McElroy added that General Moore (presumably Lieutenant General James E. Moore, Deputy Chief of Staff for Military Operations) would be sent to succeed General Williston Palmer who would retire in June, and either General Charles D. Palmer, Commanding General, Headquarters Sixth U.S. Army, or General Davidson would be sent as a replacement for General Schuyler. (Eisenhower Library, Whitman File, DDE Diaries)

eral Norstad is making every effort to consolidate some Army headquarters in Europe. To this the President responded with enthusiasm.

[Here follows discussion of unrelated matters]

John S. D. Eisenhower

191. Telegram From the Mission at the North Atlantic Treaty Organization and the European Regional Organizations to the Department of State

Paris, March 2, 1959, 5 p.m.

Polto 2449. Spaak has just given us account visit de Gaulle.¹ No discussion French fleet proposal in view no firm information and de Gaulle did not mention.

Spaak used what had been arranged some days previously as courtesy call for half-hour general review relation France to Alliance. Began with Berlin, on which de Gaulle very firm on giving no ground. Then discussion French holding up NAC program in several areas, especially air defense and Italian IRBM's.

De Gaulle most concerned about necessity French having voice in use nuclear weapons which would bring on world war. Extended discussion this subject. Spaak said France defeating own ends in leaving IRBM as wholly bilateral arrangement by which France surrendered at least in part participation in decisions.

De Gaulle courteous and said would give consideration Spaak arguments.

No evidence thus far today of presentation French notice as to fleet.

Burgess

Source: Department of State, Central Files, 740.5/3-259. Secret; Priority.

¹ According to telegram 3137 from Paris, February 28, Spaak's interview with de Gaulle took place that morning. (*Ibid.*, 740.5/2-2859)

192. Memorandum for the Record by the President's Assistant Staff Secretary (Eisenhower)

March 3, 1959.

REFERENCES

Memorandum 1/23/59 from the Secretary of State to the President in regard to Commitment of French Forces to NATO and the President's response 1/26/59¹

1. At 9:30 AM on the above date, I visited Colonel William B. Rosson (Army member, Chairman's Staff Group, Joint Chiefs of Staff). Also present were Colonel Edward H. Nigro, USAF, Captain James W. O'Grady, USN, and Major John J. Hennessey, USA.

2. The purpose of this visit was to clarify the NATO command arrangements with respect to peacetime assignment of forces to SACEUR.

3. *NATO Command Arrangements in the Mediterranean*

In time of peace, U.S. and U.K. naval forces remain technically under national command, except during training exercises when they may be placed under SACEUR's operational command. The Sixth Fleet becomes available to SACEUR between D-Day and D+2. Its title becomes STRIKEFORSOUTH, and at this time it comes under the operational command of CINCSOUTH, a subordinate commander under SACEUR. U.K. naval forces become available to SACEUR over a thirty-day period, from D-Day to D+30, while almost all of the French naval forces are planned to become available on D+2.

The actual command arrangements are somewhat complicated. Naval forces in the Mediterranean actually come under two major headquarters, CINCSOUTH, as mentioned above, and AFMED, both of which report to SACEUR. STRIKEFORSOUTH, the purely U.S. command comprising the Sixth Fleet, is under CINCSOUTH and constitutes his only naval component. AFMED, commanded by a British Flag Officer, is primarily responsible for maintenance of Mediterranean LOC's, and is composed of naval forces of the U.K., France, Italy, Greece and the U.S. (a few submarines and naval aircraft).

4. *Status of the French Fleet*

The status of the French Fleet has come to the fore because of the impending threat of withdrawal by General de Gaulle. Essentially, de Gaulle's allegations that the French Fleet does not enjoy the same free-

Source: Eisenhower Library, Staff Secretary Records, NATO. Top Secret.

¹ Documents 187 and 188.

dom as the others is unfounded. There is, however, a technicality which he is able to play upon.

In October of 1954, a nine-power conference made extensive revisions in the NATO setup. One of these revisions was the arrangement to include Germany in NATO. One of the other revisions had to do with assignment of forces to SACEUR. Significant to the question of assignment of forces to SACEUR are the following:

(1) "All forces of NATO countries stationed on the Continent of Europe shall be placed under SACEUR, with the exception of those which NATO has recognized or will recognize as suitable to remain under national command.

(2) "The location of such forces shall be determined by SACEUR after consultation and agreement with the National Authorities concerned.

(3) "Such forces shall not be redeployed on the Continent nor used operationally on the Continent without his (SACEUR's) consent, subject to appropriate political guidance from the North Atlantic Council."

The wording in (1) above was revised significantly in the North Atlantic Council's resolution to implement the nine-power actions. Instead of the words "on the Continent of Europe," the implementation resolution utilized "in the area of Allied Command Europe." It went on to specify that this includes forces in the Mediterranean as well as on the Continent, but further stated that the change does not "alter the present status of U.S. and U.K. forces in the Mediterranean."

SACEUR's Revised Terms of Reference are derived from this Council Resolution, and they do, in fact, place peacetime restrictions on French, Italian and Greek forces in the Mediterranean which are not placed on U.S. and U.K. forces. *As a result of these restrictions, the French must obtain SACEUR's consent to locate, redeploy or use her forces operationally within the Mediterranean.*

The provisions of the terms of reference and their implementation above have been largely nullified by a resolution subsequently adopted by the North Atlantic Council. This resolution, adopted on October 5, 1955,² provides that if a government feels compelled to withdraw units which are committed to NATO to meet an emergency elsewhere, "it shall at once inform the appropriate NATO military authorities, and the Council, at the first opportunity." In effect, this provision gives each nation license to withdraw units which have been committed to NATO at their own volition without the concurrence of SACEUR, provided that the country involved considers it an emergency. It is noteworthy that the emergency is determined by the country involved and not by SACEUR. For all practical purposes, this provision puts all NATO naval forces in the Mediterranean on a co-equal basis. As a matter of practice,

² Not found.

the U.S. informs SACEUR of any intended movement of U.S. forces committed to his command.

In the light of this 1955 resolution, it becomes obvious that: (1) For all practical purposes the French Fleet under existing arrangements is as responsive to national control as are the Fleets of the U.S. and U.K. Accordingly, General de Gaulle, as a matter of French national pride, is belaboring a technicality when he claims the French Fleet does not have adequate freedom. (2) If U.S. naval forces were assigned to SACEUR in peacetime, they could still be legally withdrawn without undue difficulty to perform unilateral U.S. missions. The psychological impact on NATO of such an action under these conditions and the advisability of altering this arrangement is another matter.

John S.D. Eisenhower

193. Telegram From the Embassy in France to the Department of State

Paris, March 3, 1959, 9 p.m.

3172. While Embassy officer was seeing Laloy at Foreign Office this afternoon on other business, Laloy received telephone call from Jansen, Counselor German Embassy Paris, concerning French decision re Mediterranean Fleet. Judging from Laloy's remarks on phone to Jansen, latter had impression that decision affected all French Fleet, not only Mediterranean Fleet. Laloy said this not case, that decision had little military significance, since French Fleet in Mediterranean would continue cooperate with NATO forces, and that decision was largely political one influenced by French pacification effort in Algeria. Also, Laloy told Jansen that French decision stemmed from de Gaulle memorandum of last September concerning his views on NATO Alliance. Laloy went on to tell Jansen that it appeared de Gaulle wished put French Mediterranean Fleet in situation similar to that of British Fleet. He stressed to Jansen that decision was not "dramatic" and should not be overplayed.

Following telephone conversation, Laloy remarked to Embassy officer that French decision on Mediterranean Fleet was obviously very

serious matter which, he feared, would have far-reaching repercussions. However, he had felt it advisable to play matter down to Jansen, who would be reporting to Adenauer tonight on French decision for Adenauer's background in talks with de Gaulle March 2 in Paris.¹

Laloy said that General Ely had done his utmost to persuade de Gaulle not to take step re Mediterranean Fleet, but his efforts had been unavailing. Laloy observed that de Gaulle's decision on Fleet was "direct result of United States abstention on Algerian problem in United Nations."²

[1 paragraph (less than 1 line of source text) not declassified]

Message Unsigned

¹ Adenauer's meeting with de Gaulle at the latter's hunting lodge at Marly-le-Roi on the outskirts of Paris took place on March 4, not March 2.

² On December 13, 1958, a U.N. General Assembly resolution, introduced by 17 Asian and African nations, which purported to recognize the right of the Algerian people to independence and urged negotiations between France and the provisional government of Algeria, was defeated by a vote of 32 to 18 with the United States and 29 other nations abstaining.

194. Memorandum of Conversation

March 3, 1959.

SUBJECT

French Fleet Withdrawal from NATO

PARTICIPANTS

The Acting Secretary
 Ambassador Hervé Alphand, French Embassy
 M. Charles Lucet, Minister, French Embassy
 M. Pierre Landy, Counselor, French Embassy
 Mr. Livingston T. Merchant, EUR
 Mr. Robert H. McBride, WE

The Acting Secretary said that the Secretary had told the French that we would consider a proposal from them if they had any specific

suggestions regarding the status of the French Mediterranean fleet. We had heard nothing specific from them at all until we were now presented with a *fait accompli* by their decision to withdraw their Mediterranean fleet from NATO entirely, both in peacetime and in wartime. He stressed that we viewed this development seriously. In the first place, if there were a leak the psychological effects would be extremely bad. It would inevitably give the impression that the alliance was breaking up just at a time when unity was needed, especially because of the Berlin crisis. Furthermore, the effects on the other NATO members would be most unfortunate and might even cause the disintegration of the alliance.

Ambassador Alphand said that he had mentioned this matter to the Secretary he believed on January 22 and had said that the French wished to change the status of their Mediterranean fleet to give it a national status.¹ He said that practically this meant very little change. The Acting Secretary stated that we are particularly distressed because of the psychological effects of their action and noted that we were extremely upset about this matter.

Ambassador Alphand said that the principal reason for the French action was also psychological. He believed that the French action stemmed primarily from concern over the Algerian situation and the fact that France and the US had different policies in North Africa. As a result of this difference in policy it was necessary for France to have national control of her fleet. He added that in peacetime the fleet would continue to join in NATO maneuvers and would cooperate with her allies in wartime. He said the French believed they had already indicated these changes were to be made.

The Acting Secretary said that this matter had indeed been discussed but that it had been our clear understanding that if the French wished to change the status of the fleet they would make a proposal in this sense to the appropriate NATO commander. He said it was difficult to understand this action which had been taken with no consultation.

The French Ambassador said that there had been broad consultation on this subject both here and between the Secretary and General deGaulle in Paris.² He thought we knew this development would occur even if we did not know the exact timing. He said France was certainly not thinking of leaving NATO. He added this latest move was a reflection of the fact that France preferred "cooperation" to "integration". The Acting Secretary noted that there had not been much cooperation in this

¹ See Document 187.

² See Part 2, Document 95.

particular instance. Ambassador Alphand said he meant cooperation between the fleets.

The French Ambassador said he would report the Acting Secretary's statements to Paris. He said he thought the problem was mainly one of form and presentation rather than substance.

The Acting Secretary said we had been shocked when we had heard of the French decision. He said this raised a question as to whether tripartite talks should be continued. He said these talks, although they had been spaced out over the past months, had, he thought, added to our over-all relationship with France. He thought the most recent French action was the antithesis in spirit of tripartitism.

Mr. Merchant added that we had no idea that the French intended to withdraw their fleet from NATO in wartime. He said that when Prime Minister Debré called on General Norstad in January the latter had asked the Prime Minister to submit to the NATO authorities any suggestions which the French might have for changing the status of their fleet.³ We had thought that they wished to change it to something like the status of the US Sixth Fleet and not to remove it from NATO entirely. He thought there had been agreement that this was a complex question which should be discussed in NATO. The Acting Secretary stressed again that there had been no specific French proposal made to us or to NATO.

The French Ambassador said he thought that the basic cause of this had been the profound personal shock to General deGaulle of the US abstention in the UN debate on Algeria.⁴

The French Ambassador said he had asked Paris to withhold delivery of the letter reporting the French decision at least until a report of his conversation with the Acting Secretary had reached Paris. He said he would cable the Acting Secretary's views at once and concluded on this subject noting that this action did not mean French unwillingness to cooperate in NATO.⁵

³ See Document 198.

⁴ See footnote 2, Document 193.

⁵ Immediately following this meeting, McBride met with Alphand who, according to McBride, "was considerably upset." Alphand said that his government had agreed to delay delivery of the French letter withdrawing the French fleet from NATO until after receipt of the report of his conversation with Herter. He thought that further delay of the letter would be possible if he could report that the status of the French fleet could be discussed on a tripartite basis in Washington. McBride replied that he believed the French proposal should first be made to NATO. After checking with Merchant, McBride later told Alphand that the matter should be referred to NATO. He reiterated what Dulles had told de Gaulle in Paris that the United States would give sympathetic consideration to any French proposal but first should discuss the matter with NATO. (Memorandum of conversation; Department of State, Central Files, 740.5/3-359)

195. Memorandum From Acting Secretary of State Herter to President Eisenhower

March 4, 1959.

SUBJECT

Status of French Mediterranean Fleet

In a memorandum of February 28 we told you of the French intent to inform NATO that as of April the French Mediterranean fleet would no longer be earmarked for assignment to SACEUR in time of war.¹ Since that date we have been advised by the French Permanent Representative to NATO that this action would take place imminently, perhaps March 4. As of this moment, however, the French have not taken this step.

In anticipation of the French action I called in Ambassador Alphand yesterday to tell him that the United States viewed the proposed French action in NATO with great concern.² I said that I thought that the French were presenting us with a *fait accompli* rather than a proposal which we could study sympathetically. I stressed that the psychological and political repercussions, rather than the military implications, were most important, saying that an unfortunate impression would be created that the Western alliance was breaking up at a moment when unity is so vital because of the Berlin crisis. I also said long-term effects on NATO could be unfortunate. The proposed French action, I continued, raised the question of whether we should continue the tripartite talks we have been holding together with the British in Washington. Later I had Ambassador Alphand informed that I thought that implementation of this French decision would seem to remove the legislative justification for cooperation in the nuclear field, particularly with reference to a nuclear propulsion reactor for a submarine, which the French have requested.³

Source: Eisenhower Library, Whitman File, Dulles-Herter Series. Secret. The source text bears the President's initials.

¹ A note attached to the source text from John A. Calhoun, Director of the Executive Secretariat, to Goodpaster, March 4, states that the memorandum of February 28 is the one he sent Goodpaster containing information on the status of the French Mediterranean fleet. The February 28 memorandum contains a short report on the status of the French Mediterranean fleet and recent relevant telegrams from and to Paris on the subject. (*Ibid.*, Staff Secretary Records, NATO)

² See Document 194.

³ Telegram 3195 to Paris, March 3, which summarized Herter's talk with Alphand, March 3, also reported that later that day Herter had Merchant call Alphand to say that the execution of the French decision on the fleet matter would appear to remove legislative justification for a nuclear submarine and make congressional approval unlikely. "We felt French should be forewarned." (Department of State, Central Files, 740.5/3-359)

We have instructed our chargé Chargé in Paris to take the same line with Prime Minister Debre.⁴

The fact that the French have not submitted their paper to NATO may indicate that they are seriously considering the warnings we have given them. We know, however, that General de Gaulle's decision to go ahead with this project was taken by him alone against the counsel of his political and military advisers. We dare not, therefore, be too optimistic.

We are consulting with the British on this matter. We have also passed on considerable information on this subject to our German allies inasmuch as Chancellor Adenauer is presently in Paris to see General de Gaulle and Prime Minister Debre.⁵

Christian A. Herter

⁴ In telegram 3185 to Paris, March 3. (*Ibid.*)

⁵ See footnote 1, Document 193.

196. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, March 6, 1959, 7 p.m.

Polto 2536. Reference: Polto 2535.¹ Following text French note:²

"In accordance with the procedure established in the Resolution of October 5, 1955, of the North Atlantic Council (Document C-M (55)82),³ I have been instructed by my Government to apprise you of its decision to effect an important change in the status of the French naval forces in

Source: Department of State, Central Files, 740.5/3-659. Secret; Niact; Official Translation.

¹ Polto 2535 from Paris, March 6, reported that the French note had just been delivered, after last-minute efforts to hold it up had failed. (*Ibid.*)

² The French text, attached to the source text, is not printed.

³ Not found, but see Document 192.

the Mediterranean, which are earmarked, for the year 1959, for assignment to NATO.

In time of peace, and still more in time of war, the essential mission of the French naval forces in the Mediterranean is, in addition to the defense of the French and North African coasts, to ensure freedom of communication between the two shores of the Mediterranean.

Whether it be a question of transports rendered necessary by the exigencies of the struggle to pacify Algeria, whether it be a question of the defense of the community, or whether it be a question subsequently of the supply-line for the oil from the Sahara, the importance of this mission does not require demonstration. It can have no other character than that of a national mission, especially in the absence of any real solidarity with respect to the fundamental problems of Algeria and North Africa in general. The French fleet in the Mediterranean must be assigned to it on a priority basis, which is why the French Government is led to resume control, in time of war, over its naval forces in the Mediterranean.

Such a decision will not have any consequences in time of peace, in as much as the French units in the Mediterranean are under French command exclusively. It means that in time of war France must cope with its own national tasks. The French Government, for its part, considers these tasks of prime importance for the Alliance as a whole.

Moreover, it goes without saying that the French naval forces in the Mediterranean will be able to cooperate in time of war with the Allied naval forces in the implementation of the plans of the Alliance, on condition that such plans do not conflict with the execution of the said principal mission assigned to the French fleet by the French Government. The French military authorities are prepared henceforth to examine the ways and means of effecting such cooperation.

An identical communication is being addressed to the Standing Group and to the Supreme Command of the Allied Forces in Europe.

I am addressing the same letter to the Secretary General and to the other Permanent Representatives.

Please accept, Mr. Ambassador and dear Colleague, the assurances of my high consideration."

Burgess

197. Telegram From the Embassy in France to the Department of State

Paris, March 7, 1959, 1 p.m.

3241. Last night after dinner at British Embassy Joxe, Jebb and I had long conversation regarding French action in withdrawal their Mediterranean Fleet from NATO. Halfway through conversation we were joined by Spaak.

Joxe was obviously not at all happy at action which had been taken. He thoroughly appreciated arguments put forward by Jebb and me regarding poor timing of move on eve of Berlin, fact that knowledge of step bound to leak, to dangerous precedent for other NATO members.

"Yes, it looks as if we are sabotaging NATO," Joxe admitted, but insisted this was not de Gaulle intention.

Joxe said Couve de Murville was lunching with de Gaulle today and Joxe hoped very much that following this French would come up with formula for solution to problem. He would have preferred to have complied with my suggestion of several days ago that notification to NATO be held up,¹ but as this had not been possible, he considers that France now has "obligation" to come forth with some definite explanation of exactly what she wants. He had favored having Debre give memorandum to Norstad. Regarding this as first step, he now realizes all of us are without concrete indication of just what France wants.

He referred to such a paper being submitted for tripartite consideration in first instance but was not definite on this. I said I assumed matter would be discussed by Macmillan and de Gaulle Monday,² and both he and Jebb agreed that it would.

Spaak said frankly that in his opinion the French move had no military significance whatsoever, but incalculable psychological significance. He indicated that he would take a quiet week-end and do nothing regarding the notification for a few days. He inquired of Joxe exactly what was basis French action, adding that he thought it was control of the bomb. Joxe said no, it was integration of forces that General de Gaulle opposed. Joxe still seems to think some change in Mediterranean

Source: Department of State, Central Files, 740.5/3-759. Secret. Repeated to London.

¹ No specific record of Burgess' suggestion has been found, but in Polto 2525 from Paris, March 6, he reported that he had asked de Leusse "again" if there was any possibility of holding off the French letter. (*Ibid.*, 740.5/3-659)

² Macmillan met with de Gaulle in Paris on Monday and Tuesday, March 9-10. No detailed record of these conversations has been found, but for Macmillan's brief summary, see Part 2, Document 359.

command set-up could solve this problem. We all agreed that in that case a solution was possible.

Joxe emphasized that de Gaulle is definitely not trying to destroy NATO, nor playing any game with Soviets. He had long since abandoned his "bridge" idea. However, Joxe did not feel that package attempt to solve IRBM, atomic storage, integrated air force problems all at one swoop with de Gaulle would be possible, but Joxe did think this specific Mediterranean matter could be worked out satisfactorily.

Spaak emphasized fact that normal NATO formula for consultation had been ignored by France in this instance and also that smaller nations would not concur in French claim that this was purely French national matter. Joxe understood all this.

At one point Joxe said US abstention on Algerian vote was root of whole matter, for it still rankled de Gaulle, who frequently brought it up.

I asked Joxe what France would want from her allies with respect to Algeria but received no clear reply.

He did emphasize, however, at this juncture that he hoped matter would get little publicity for French public opinion could become very worked up against NATO easily as result of repressed frustrations over Algerian war and widespread belief that France's allies not sufficiently understanding of sacrifices she making, etc., and widespread support of anything which de Gaulle proposes at this juncture.

I remarked that Adenauer-de Gaulle talks two days ago³ had strengthened alliance, but France's action today had very definitely weakened it.

As matter probably will be discussed Monday between Macmillan and de Gaulle, I would suggest that if Department has any further views they be transmitted London or here before then.

Reference Department's 7948 to London, rptd Paris 3246,⁴ I trust Department will take no final decision with respect tripartite talks until there has been more time for reflection of exactly what French move means to all of us and what in our own best interests is most efficacious method of dealing with problem French action presents.

Lyon

³ See footnote 1, Document 193.

⁴ Telegram 7948 to London, March 6, noted that the Department of State did not favor tripartite talks on the French fleet problem because it directly involved NATO. The fact that the French had just announced their decision to NATO raised the question put by Herter to Alphand on March 3 as to the possibility of continuing the talks, since the French action appeared to be the "antithesis in spirit to their expressed desire for closest collaboration with British and ourselves." No U.S. decision had yet been taken on this issue. (Department of State, Central Files, 740.5/3-559)

198. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, March 9, 1959, 8 p.m.

Polto 2570. Spaak tells me the following:

On Saturday¹ Spaak was present at a luncheon given by de Gaulle and after lunch de Gaulle pulled him over to a corner and told him about his conversation with Vinogradov,² de Gaulle saying that he had taken a very firm line with him.

Spaak then raised the question of financing of IRBMs and the French Fleet, and asked General de Gaulle if, in opposing the infrastructure financing of IRBMs, he was not in effect raising question of control of atomic weapons, and whether in withdrawing Mediterranean Fleet he was not really raising question of the chain of command.

De Gaulle's reply was that this was true. The conversations in Washington have not been getting results and so it was necessary to take the questions directly to NATO.

At same time de Gaulle said he was strongly in favor of NATO and wished to do nothing to injure it. Spaak told him it was difficult to help him because he had not made clear exactly what he wanted.

Spaak reviewed with me how to handle these questions in Wednesday meeting and said he wanted first to raise question of procedure, which is not clear in French statement because they start by saying they are following procedure in CM(55)82³ but at same time they indicate a decision has been reached. Spaak told me, however, that de Leusse had told St. Mleux that decision was fait accompli. Official document, however, is sufficiently ambiguous so that one is justified in raising this question.

Spaak then referred to difficulty in discussing this matter in full Council on Wednesday and said he wanted to invite de Leusse, Frank Roberts and me for a preliminary meeting tomorrow at 11:30 to clear up this question of procedure and ask de Leusse if French could not clarify what they really wanted.

In reviewing course discussion might take on Wednesday, Spaak had particular reluctance with respect to possible discussion of conditions of use of IRBMs.

Source: Department of State, Central Files, 740.5/3-959. Secret; Niact; Limit Distribution.

¹ March 7.

² Sergey Aleksandrovich Vinogradov, Soviet Ambassador to France.

³ Not found, but see Documents 192 and 196.

I said I would cable home about it, but thought preliminary meeting would be useful.

I have in mind fully danger of this bordering on tripartite discussion, but I think it can be kept in nature of private consultation with Spaak at his instigation. Of course I shall be there primarily to listen and, if I speak, it will be without guidance and on personal basis.

It seems to me Spaak's initiative has chance of being useful and should be encouraged.

Burgess

199. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, March 10, 1959, 5 p.m.

Polto 2583. Spaak, Frank Roberts, de Leusse and I met at 11:30 this morning.

Spaak began by somewhat lengthy statement of position as he saw it in relation to French paper on withdrawal of fleet.¹ He said it raised three sorts of questions: question of procedure, question of substance of withdrawal of fleet to national mission, and question of Algeria.

With respect to procedure, he said there was ambiguity because paper was submitted under CM(55)82 which called for advance consultation but on other hand appeared to record a decision.

On matter of withdrawal of fleet, this was seriously embarrassing to Alliance and raised many difficult questions. Assignment to NATO did not mean that a military unit no longer had responsibility for national defense, which was indeed one of duties of Alliance.

With respect to Algeria, he said these questions had never been submitted to NATO.

Spaak then referred to conversation with General de Gaulle² which indicated to him that questions French had raised were not the real

Source: Department of State, Central Files, 740.5/3-1059. Secret; Niact. Repeated to London.

¹ See Document 196.

² Reported in Document 198.

questions, but real questions were rather control of atomic weapons and the chain of command.

He said this made discussion in NATO Council extremely difficult because there was really no use in discussing details of the superficial questions when the underlying questions were the real problem and those questions were extremely embarrassing and difficult to discuss, partly because French had not provided any specific indication of what they wanted.

With respect to procedure to be followed at Wednesday's meeting, he said he thought next step was to refer question of fleet to the military authorities for their recommendations. He said this frankly had advantage of gaining some time, during which he hoped French would try to give us some more specific indications of what were their real desires.

De Leusse said he expected they would have some specific suggestions in few days which they might submit to tripartite group in Washington. I pointed out certain of their suggestions should be made directly to NATO.

Spaak turned to me for comment and I simply said that I agreed in general with analysis he had made of situation; that we were greatly troubled by situation which was very serious and holding up work of Alliance at time when I was sure French were just as anxious as we were to have strength and solidarity; that we did not like idea of having quarrels before Council and would welcome indication by French of exactly what their recommendations were.

Frank Roberts also stated general agreement with Spaak's summary and went on to say that British had been giving careful study to question of line of command, were not frozen in fixed ideas on this score, and were willing to consider possible changes.

[1 paragraph (11 lines of source text) not declassified]

In reference to infrastructure financing of IRBMs, Spaak also referred to difficulties about forcing action into bilateral channels, which had effect of giving Alliance less control of situation. I picked that thought up also and said there were two general ways of conducting operations here: one was by bilateral undertakings and the other was using Alliance just as fully as possible. We had tried in our operations to utilize Alliance and share our responsibilities with it. We thought in that way it gave all members of Alliance better opportunity to participate in decisions.

With respect to tomorrow's meeting, Spaak indicated he would suggest referring to the military French paper on fleet without inviting any substantial discussion by Council. Spaak agreed that our meeting this morning should be completely secret.

After we left Spaak, the three of us agreed that we must avoid having us set up here anything parallel to tripartite group in Washington and that our meeting this morning was strictly ad hoc. I also pointed out again some questions were more appropriately taken up directly with NATO authorities.

Burgess

200. Telegram From the Department of State to the Mission at the North Atlantic Treaty Organization and European Regional Organizations

March 10, 1959, 8:30 p.m.

Topol 3013. Deliver Burgess 8 A.M. March 11. USRO pass Embassy and Thurston. A) Polto 2583, rptd London 698;¹ B) Polto 2582, rptd London 697.²

1. Dept appreciates report contained reftel A, from which we assume that de Leusse did not today clarify status of French action in relation to C-M(55)82 procedure.

2. Re reftel B, Dept concurs with line you took with Spaak that there should be some NAC discussion before reference of matter to military. As already indicated³ we consider that in NAC meeting March 11 US should, in measured terms, indicate seriousness with which US views French action. It likely that de Gaulle's decision taken in part at least in pique at US, and for this reason it appears desirable pattern our attitudes and possible actions so as to prevent further deterioration US-

Source: Department of State, Central Files, 740.5/3-1059. Secret; Priority; Limit Distribution. Drafted by Timmons and L. Dean Brown, Officer in Charge of French-Iberian Affairs, and cleared by McBride. Repeated to London.

¹ Document 199.

² In Polto 2582 from Paris, March 10, Burgess agreed with referring the French fleet issue to the military, but he also wanted to give U.S. reaction to the NAC. Spaak and Dutch Permanent Representative to NATO Dirk Stikker agreed. (Department of State, Central Files, 740.5/3-1059)

³ Topol 2995 to Paris, March 9, instructed that Burgess' statement in the NAC on March 11 should leave no doubt that the United States viewed seriously the French decision to remove its Mediterranean fleet from NATO command. (*Ibid.*, 740.5/3-959)

French relations and, indirectly, further actions possibly of damage to NATO. We know you agree that Spaak and others should take lead in NAC discussion. A firm but restrained attitude by US would seem to be posture to assume at this time, while we await any explanations French may offer, as well as reactions and views other countries.

3. US Element has advised Dept that SGN is awaiting SACEUR's comments (which we understand are being prepared urgently) as first step in preparing estimate of military effects of French move for transmission to NAC in accordance paragraph 8 (c), C-M(55)82(Final).

Herter

201. Memorandum of Conversation

March 11, 1959.

SUBJECT

French Fleet

PARTICIPANTS

M. Herve Alphand, French Ambassador
 M. Charles Lucet, Minister, French Embassy
 Mr. Robert Murphy, Deputy Under Secretary
 Mr. Livingston T. Merchant, Assistant Secretary, EUR
 Mr. Alfred G. Vigderman, GER

Ambassador Alphand had requested an appointment with Mr. Murphy to discuss Germany. After a few remarks on this subject he switched to the French fleet action.

He said he had discussed this subject with the Secretary several weeks ago.¹ The French fleet does not have a new status as the result of the recent action. The situation in peace-time is not affected; an agreement could be reached on war-time cooperation. What the French have done is not against the spirit of the alliance. France has taken this action only because of its special national interests on the borders of the Medi-

Source: Department of State, Central Files, 740.5/3-1159. Secret. Drafted by Alfred G. Vigderman, Officer in Charge of German Affairs, and L. Dean Brown, and initialed by Merchant.

¹ Reference presumably is to Alphand's conversation with Dulles on January 22; see Document 187.

terranean. Recently, the Acting Secretary in a discussion of the French action had referred to the tripartite talks [7 lines of source text not declassified].

Mr. Merchant replied that it is not ready for initialing.

Mr. Murphy asked about the NATO status of the French fleet action. Mr. Merchant said it would go to the Council today and be referred to the military committee for discussion.

Mr. Murphy asked what was the rationale of the French move. He understood the national interests of the French, but did not understand why they do not seek to achieve these within the NATO framework. This was a particularly awkward moment to bring this subject forward, and the public reaction was to be greatly feared.

Ambassador Alphand suggested that there had been a leak from somewhere.

Mr. Murphy replied it was vain to hope that the matter could be kept from leaking. It is bound to become public. We dread the day when the news becomes public. He then reverted to the question, what is the purpose of the French move?

The Ambassador said it is related to the special responsibilities of the French in Algeria. U.S. policy in Algeria is not the same as the French. France needs the fleet as a first priority to protect the lines of communication between France and Algeria. This does not mean that the fleet cannot cooperate with NATO. France is ready to make arrangements.

Mr. Murphy said it is obvious that U.S. policy is not the same as France's, vis-à-vis Algeria. Algeria is a French problem. The U.S. is happy to stay out of it. Through the years the U.S. has voted with France in the U.N. (Alphand interrupted to say, except once.)² Mr. Murphy then went on to say that the U.S. has leaned over backwards in the hope that France would work out the problem. We hoped that General de Gaulle would seize and settle the question. We would be glad if France would find a solution. We have the impression that General de Gaulle is angry with the U.S. as concerns Algeria.

The Ambassador replied that this was a wrong conception. French problems are different, and the French need these ships.

Mr. Murphy asked why association in NATO should block the use of these naval units for this purpose.

The Ambassador said if they are under NATO command the French would have to have NATO authority to use them.

Mr. Murphy said the question of the use of the fleet in war-time is serious. General Norstad had said that we could be reasonable and per-

²See footnote 2, Document 193.

haps give the French fleet a status similar to the U.S. Sixth Fleet. But, in time of war the U.S. fleet is at the disposition of NATO. The French are taking their fleet away. This is a serious blow to the alliance.

The Ambassador said the total tonnage involved was only 40,000 tons. This would not, he said, change the efficiency of the alliance.

Mr. Murphy then asked, if this is so, what is the purpose of the change? Nobody has it in mind to prevent the free use of the French fleet if the French wish to use it.

[6 paragraphs (17 lines of source text) not declassified]

Mr. Merchant pointed out that we had an agreement on the carrier *Belleau Wood*. It had been loaned for a specific purpose—anti-submarine warfare, and it had been earmarked for NATO. This created a practical problem.

The Ambassador said we are ready to talk at any time about the problem raised by this carrier.

Mr. Murphy said that the French fleet action raised unnecessary problems. Suppose, he continued, we took our five Divisions out of Germany and earmarked them for use in the Far East, in the time of war, for example.

The Ambassador rejoined that the French action was based on the reasons given. The U.S., as well as the U.K., had forces under national command. He pointed out that what had been done did not affect anything outside of the Mediterranean. He asked what he was to say to Paris on the link.

Mr. Murphy said no decision has been made, that we were watching the evolution in NATO.

The Ambassador said that, if there was a leak to the press, the French would say that some units of the Mediterranean fleet only were affected, that the efficiency of the alliance was not affected, and that the action was taken because of the special responsibilities of France in North Africa.

Mr. Murphy replied that the French have had these responsibilities in North Africa for years. It would be very awkward to try to explain the reason for the French action. He pointed out that the contemplated action had never been mentioned in the tripartite talks.

The Ambassador said he had mentioned this matter several times but not in the tripartite talks.

Mr. Murphy said the matter should have been mentioned in the tripartite talks.

The Ambassador replied that everyone knew that General de Gaulle would make changes in NATO, not of a fundamental character. The present change shouldn't be permitted to snowball.

Mr. Murphy said he did not understand the General's philosophy about NATO.

Ambassador Alphant said the General wanted to have a strong alliance, but there had to be more of a concept of national responsibility. Soldiers had to be imbued with the idea that they were defending their own soil. It was not good to ask a man to fight exclusively defending others.

Mr. Murphy replied that one doesn't strengthen forces by pulling them out. He suggested there could be a French command for the affected vessels. We were ready to discuss this, but the timing of the French action was very bad, citing the Berlin crisis.

Ambassador Alphant said he had mentioned this on January 22nd. The French action was not related to the Berlin crisis.

Mr. Merchant said that the Ambassador had only talked about a rearrangement of command and had said nothing about a change in the war-time earmark of the fleet.

The Ambassador said the U.S. has exaggerated the importance of the French action. If the U.S. stopped cooperating on [*less than 1 line of source text not declassified*] tripartite talks, he did not know where we would go. The U.S. was, in fact, stopping action which had been going on and he concluded that the U.S. had taken the decision to stop things, at least temporarily.

Mr. Murphy replied that we want to see where you are going.

[*1 paragraph (2 lines of source text) not declassified*]

Ambassador Alphant said the General has a lot of things in mind: the organization of theatres of operation for the whole world, decisions about the employment of nuclear force, and a reorganization of NATO. General de Gaulle is, however, closely allied with the Western position.

Mr. Merchant asked then whether the French fleet action was one step in a program.

Ambassador Alphant said it was.

Mr. Murphy said that we should know what the complete pattern is, if it is intended to make basic changes in the nature of the alliance. He pointed out that the French fleet action would have repercussions on the other members of the alliance. The Belgians, for instance, had just reduced the period of conscription. He then asked whether the French were, in fact, stopping with the withdrawal of these 40,000 tons. The Ambassador replied that we should not construe the French action as something fundamental.

Mr. Murphy replied the other side will know how to construe the French action. The news will get out; people will talk. The prospect of keeping this secret once NATO knew about it was very small. The U.S.

has not, however, taken any decision on the link question mentioned by the Ambassador.

The Ambassador said that the U.S. has decided to interrupt what has been going on. The French wanted a tripartite discussion of Africa and would have been ready on March 16 to cover the entire African problem. M. Lucet added that the French were drafting an agenda and that views have already been exchanged on it.

Mr. Merchant said we had not received any agenda, and Mr. Murphy invited the French to hand over their agenda. Mr. Merchant said, in any event, we wouldn't be ready by the 16th. (There was then some discussion as to exactly what would be discussed; the Horn of Africa talk was mentioned, including the possible participation of Ethiopia and Italy.)

Mr. Murphy then said it is important not to unsettle the alliance, noting that alliances are always in a delicate state.

Ambassador Alphant said one must understand de Gaulle who does not oppose the alliance, but is a nationalist. If, he continued, the U.S. makes a link, he feared the worst. The General would be furious and there would be a chain reaction.

Mr. Murphy said that apart from the U.S. there was no question that other NATO members would react to what the French had done.

Ambassador Alphant intimated this was not important.

Mr. Merchant said that it wasn't clear to him whether the French were making an announcement of something they had done or something they intend doing through the regular way in NATO.

Mr. Murphy said we were suspending judgment until we see how this matter shook down.

The Ambassador reiterated that the U.S. had taken a decision.

Mr. Merchant replied that our decision was only to examine what the French action means. He reverted to the *Belleau Wood* problem. We obviously don't want to withdraw the carrier, but we were bound by law on this subject and might have to seek Congressional legislation.

Ambassador Alphant said the agreement contemplates special use of the carrier for other purposes. In any case, the French were ready to talk on this subject whenever the U.S. was ready.

Mr. Murphy said he was optimistic that the French fleet problem would be solved because we have to work it out.

The Ambassador said that if he cabled Paris on the present situation it would be psychologically terrible.

Mr. Murphy asked him to cable the facts, leaving out any suppositions.

202. Memorandum of Conference With President Eisenhower

March 12, 1959, 8:50 a.m.

OTHERS PRESENT

Secretary Quarles
General Twining
General Goodpaster
Rear Admiral Francis J. O'Beirne
Colonel G. W. Mason, USA
Captain F. H. Schneider, USN
Captain Aurand
Colonel Littleton C. Selden
Major Eisenhower
QM 1C Durezzo

Colonel Selden¹ opened the briefing by a quick rundown of Army and Air Force force assignments to SACEUR. These forces, which comprise the Seventh U.S. Army and the air forces assigned to USAFE are assigned to CINCEUR and simultaneously to SACEUR in time of peace as well as in time of war.

Captain Schneider² then took the floor to brief on the subject of naval forces available to SACEUR. These forces have become a matter of considerable concern in recent weeks because of the professed intention on the part of General de Gaulle to withdraw the French fleet from NATO in time of war as well as in time of peace. Captain Schneider's briefing may be summarized along the following lines:

(1) The command arrangements under which naval forces in the Mediterranean exist in peacetime differ from those which would be in effect in the event of a NATO war. In peacetime, U.S. forces, namely, the Sixth Fleet, will remain under the operational command of USCINCEUR and earmarked for, but not assigned to, SACEUR. In the event of a NATO war, they will become available to SACEUR. The British fleet in the Mediterranean observes the same command arrangements. The peacetime assignment of naval forces in the Mediterranean poses no particular problem.

(2) Command arrangements under wartime conditions, in which the NATO chain of command will be in effect, are considerably more complicated. In fact, there are two major headquarters, both directly subordinate to SACEUR, who command the naval forces in the Mediterranean. These commands are CINCSOUTH (commanded by a U.S. Flag

Source: Eisenhower Library, Whitman File, DDE Diaries. Top Secret. Drafted by John S.D. Eisenhower on March 12 and initialed by Goodpaster.

¹ Not further identified.

² Assistant Head, National Command Matters, Strategic Plans Division, Office of the Chief of Naval Operations.

Officer, and including the Sixth Fleet under the name of STRIKEFOR-SOUTH) and AFMED (commanded by a British Flag Officer and comprising an extensive grouping of sub-areas commanded by Flag Officers of the U.K., France, Turkey, Greece and Italy). This combined command arrangement grew out of an early divergence in view between the U.S. and Great Britain as pertains to the role of Mediterranean fleets. In the U.S. view, the Mediterranean constitutes the right flank of NATO. In the British view, the Mediterranean comprises a lifeline to the Middle East. Accordingly, CINCSOUTH and AFMED both control naval forces of different characteristics patrolling the same waters.

(3) The present status of the U.S., U.K. and French fleets has grown out of SACEUR's terms of reference of 1955.³ This agreement specified that forces of all participating countries in the area of Allied Command Europe were to be assigned in peacetime to SACEUR. However, it included an "exclusion clause," which specified that in peacetime the fleets of the U.S. and the U.K. should remain in their former command status, i.e. under national command. This placed the U.S. and U.K. fleets in a somewhat privileged status, responsive to national needs, whereas the French, Turkish, Greek and Italian fleets could be moved only with the approval of SACEUR. In 1956 this exclusion clause was, in effect, extended to all other fleets, but it was agreed that any nation, in case of emergency, might withdraw their forces from NATO command for national use.⁴ (For a complete treatment of this subject, see Memorandum for Record dated March 3, 1959, NATO file.⁵ This Memorandum for Record has been briefed in toto to the President.)

(4) There is much evidence to establish that the French government had misunderstood the command arrangements under which the U.S. and U.K. fleets had operated prior to their decision for unilateral withdrawal. This is indicated primarily by a French statement of January 23rd.⁶ Actually, the Sixth Fleet operates under CINCEUR, who is the same person as SACEUR. Furthermore, in the year 1958, eleven NATO exercises were conducted in which the Sixth Fleet participated under SACEUR. Finally, as has been mentioned, the exclusion clause of 1956 gave the French fleet essentially the same privileges as the British and American.

(5) Secretary Dulles, on his trip to Europe, discussed the matter of the French fleet with General de Gaulle.⁷ He expressed the U.S. determination to study the French problem sympathetically and requested de Gaulle to deal in NATO channels on this matter. In a recent conversation with General Ely, General Norstad was informed that it would not be sufficient for French purposes to place their Mediterranean fleet on the same status as that currently held by the U.S. and U.K. fleets.⁸ The

³ Reference is presumably to the NAC resolution (C-M (55)82) adopted on October 5, 1955; see Document 192.

⁴ This 1956 agreement has not been further identified.

⁵ Document 192.

⁶ Not further identified.

⁷ See Part 2, Document 95.

⁸ An undated memorandum from Norstad to Twining summarized the former's conversation with Ely on March 5. (Eisenhower Library, Whitman File, NATO)

French fleet must be completely responsive to national needs in peace as well as war. The seriousness of the situation lies totally in a psychological impact. Actually, the French have only seventeen ships and twenty-two patrol aircraft in the Mediterranean.

At the end of the briefing Secretary Quarles expressed the view that we have two major points in question on this whole matter. First is the distinction in wording between the status of Army and Air Force forces which are assigned to SACEUR in peace time, and the status of U.S. and U.K. fleets which are not assigned but "earmarked." This is an important point and was spelled out in the 1955 terms of reference for SACEUR. The second point is that when General de Gaulle found out that restrictions actually did exist on the U.S. fleet, he still refused to accept such restrictions as to give him a situation parallel to ours. He withdrew his fleet entirely as a unilateral action. This leaves the outcome in doubt.

The President then remarked that our main difficulty is that the people dealing with de Gaulle in such matters were not sufficiently acquainted with his temperament. General de Gaulle is not by nature a reasonable man when he is dealing in such terms as Glory, Honor and France. In the President's view, it was obvious that for prestige purposes it would be inadequate for de Gaulle to go on the same basis as the U.S. and the French—he would have to go further. The President added that he had been urging the Department of Defense to place our fleets on the same status as the others. However, the fat is now in the fire and we must see what can be done in the light of the existing situation.

The President voiced one slightly optimistic note which is that Macmillan, in a cable which the President had received the night before,⁹ had expressed the belief that he had made a dent in de Gaulle's intransigent attitude.

[2 paragraphs (25 lines of source text) not declassified]

The President admitted to a special interest in the NATO command arrangement in the light of the full command which he personally had enjoyed as SACEUR. He remarked that in the discussion of these matters in 1959 [1949], Admiral Forrest Sherman¹⁰ had, at a point of particular intensity, secured an hour of recess. During this recess the then General Eisenhower had gone to President Truman and in a brief conversation had secured full command of all forces. This represented the only time in his career in which he placed a "condition" on his services, that is, said he would serve only if certain arrangements were effected.

⁹ Not found.

¹⁰ Chief of Naval Operations, 1949–1951.

Turning back to the matter of the French fleet, the President stated that we may be witnessing a beginning of a crumbling of NATO in this French action. He admits that we should probably not disturb the CINCEUR/SACEUR relationship for the time being, but stated that we must find a way to deal with the withdrawal of the French fleet.

Captain Schneider and Mr. Quarles expressed the view that in the event of Soviet attack, CINCEUR would probably begin the fighting on the principle of the inherent right of a commander to defend his forces. Mr. Quarles also took note of the erosive effect of the agreement of 1956 which gave each nation authority unilaterally to withdraw its fleets for "emergency use." The President agreed.

This ended the informational briefing.

John S. D. Eisenhower

203. Telegram From the Embassy in France to the Department of State

Paris, March 16, 1959, 9 p.m.

3385. I delivered President's letter to General de Gaulle at seven this evening.¹ He read it through quickly and courteously thanked me for it but made no further comment.

In accordance Merchant-Houghton telecon² I informed him that I had been told a second letter would be forthcoming soon.³ He acknowledged this also without comment.

At this point I remarked that I had only returned from Africa the middle of last week and found myself in some confusion as to whether

Source: Department of State, Central Files, 740.5/3–1659. Secret; Priority; Presidential Handling.

¹ Eisenhower's March 14 letter to de Gaulle is printed in volume VIII, Document 223.

² According to a memorandum for the record prepared by Merchant on March 16, Houghton called him that morning to tell him that he had not yet delivered Eisenhower's letter to de Gaulle because of no mention therein of the French fleet withdrawal. Merchant told Houghton that a second letter would be sent exclusively on that subject. After talking with Herter, Merchant called Houghton back and authorized him to inform de Gaulle of a forthcoming letter on the fleet question. (Department of State, Central Files, 711.5/3–1659)

³ See Document 204.

undated letter regarding withdrawal of French Mediterranean fleet from NATO was a *fait accompli* or rather a declaration of intention (see Embtel 3360).⁴ After brief hesitation he replied that it would be a *fait accompli* in the event of war. He proceeded to say that France had to look after its African interests and that inasmuch as this not a NATO responsibility France had to assume that responsibility herself.

Finally he is of the opinion that he outlined this move to Secretary Dulles and under the impression that Secretary appeared sympathetic and somewhat in accord.

In this connection, Lyon's informal notes of February 6 conversations with de Gaulle read as follows:

Secretary: "The French Ambassador raised recently with me the status of the French naval forces in the Mediterranean. We are quite prepared to see a review of that situation, both as to the French forces and our own. However, it is a highly technical matter and should be carried out in NATO. Our own position is, however, that we look on such a review with sympathy."

Debre: "It is not merely a technical question, and a political aspect could evolve therefrom which is linked with the transportation for French forces in the Mediterranean. Algeria is such a part of France's domain and the Algerian problem means so much to us that it is a fundamental political question. The French Mediterranean fleet is so linked up with France's vital interests that we cannot share it without sharing our problem. We are either backed up in our policy or must keep separate."

At this point de Gaulle calmed down Debre and said that the matter was of great importance for "our Algerian policy, and as we do not have a common policy for North Africa and as NATO doesn't cover North Africa we have a problem to discuss at Washington. If there is war the French fleet will of course rush to NATO and become a part of NATO forces." Thereupon the Secretary replied: "We see the force of what you say. However, disengagement of the French fleet in the Mediterranean would affect contractual arrangements."⁵

Houghton

⁴ Telegram 3360 from Paris, March 16, reported that Joxe told Houghton the previous day that the omission of a date in the French note on the fleet question was significant, and that this French note was not an ultimatum but a declaration of intent, about which details for implementation would follow. (Department of State, Central Files, 611.51/3-1659)

⁵ For Dulles' brief summary of this February 6 conversation, see Part 2, Document 95.

204. Telegram From the Department of State to the Embassy in France

March 19, 1959, 6:10 p.m.

3470. Following is text of letter from General de Gaulle re French Mediterranean fleet.¹ The President has directed this be shown to General Norstad to be sure it does not create great difficulties for him. Following this consultation with Norstad² letter should be delivered soonest to General de Gaulle. Advise date time delivery.

"March 19, 1959.

Dear General De Gaulle:

As I said in my letter to you of March fourteenth,³ I continue to attach the greatest importance to maintaining the strength of our military posture through the fullest and closest cooperation in NATO. As you are aware, I have long had a deep and natural interest in this common effort, because of my conviction that the fate of France and of Free Europe is of incalculable importance to my own country. Since assuming the office of the Presidency, I have earnestly supported the concept of the NATO 'shield' as an indispensable element of Western security. Because of your long association with Western military cooperation and planning, I know that you too have a particular interest in these subjects.

I believe that in NATO we have the best guarantee of mutual defense. Through it, additionally the Federal Republic of Germany has been brought into close political and military union with the West. NATO has become a flexible instrument, as is well illustrated by the growth of political consultation within its framework in recent years.

In light of these views, I believe I would be remiss if I did not inform you of the concern caused us by the letter from the French Government

Source: Department of State, Presidential Correspondence: Lot 66 D 204. Secret; Presidential Handling. Drafted by Timmons, McBride, and Brown and cleared with the White House.

¹ This letter was based on a draft that Herter sent to the President. In a memorandum to the President, March 16, attached to the draft, Herter wrote:

"We do not propose to the General that he withdraw the communication to the Council. Our letter may serve, however, to cause him to reflect on this decision perhaps to change its emphasis so as to make it a declaration of intent rather than an ultimatum. There are some indications that French officials are trying to take this line, as the enclosed telegram suggests." (Eisenhower Library, Whitman File, International File) The enclosed telegram was telegram 3360 from Paris; see footnote 4, Document 203.

² Telegram 3484 from Paris, March 20, reported that the letter was "enthusiastically approved in every word" by Norstad. (Department of State, Central Files, 711.11-EI/3-2059)

³ See Document 203 and footnote 1 thereto.

regarding the withdrawal of its Mediterranean fleet from its earmark for assignment to NATO in time of war. I do not consider the NATO structure as unalterable; it is an organism which must grow to survive. We have long sought to improve and perfect it. It was in this spirit that I asked Secretary Dulles to talk to you on this subject when he was in Paris in February and to tell you that the United States would view sympathetically a French request to NATO for greater status within NATO for the French naval forces in the Mediterranean.

I cannot hide from an old friend my fears that the action of your Government has had unfortunate psychological and political repercussions. As you said in your letter of March twelfth,⁴ Western solidarity in the critical Berlin and German issue is of paramount importance. I fear that the unilateral action of the French Government may give the impression of divisions within our alliance, divisions which I am convinced do not exist on fundamental issues.

It is my hope that the military command structure of NATO will always be such as to deserve support of all the member nations. Specifically, I believe that in this respect the Mediterranean fleets of the United States, United Kingdom and France should be on equal footing. For the present, the most logical status for all three would appear to be that held at present by the fleets of the United States and the United Kingdom, that is, under national control during peacetime, earmarked for NATO in the event of war. I further hope that, as we have said before, France will impart to NATO her thoughts on such arrangements. I am sure NATO would view such action with sympathy and would give the most careful consideration to France's views. The result of such consultation in NATO would, I am sure, contribute to the strong and united posture which we all desire in this crucial period.

Please accept, Mr. President, the expression of my highest consideration and sincere friendship. Dwight D. Eisenhower".

Observe Presidential Handling.

Herter

⁴ Regarding de Gaulle's letter to Eisenhower, March 11 (delivered on March 12), see Part 2, Document 100.

205. Telegram 3499 From the Embassy in France to the Department of State

Paris, March 21, 1959, 5 p.m.

[Source: Department of State, Central Files, 740.5/3–2159. Secret. 1 page of source text not declassified.]

206. Telegram From the Department of State to the Embassy in France

March 22, 1959, 1:06 p.m.

3515. 1. We are equally concerned with possibility extensive elucidation by de Gaulle at next week's press conference of his views of NATO "shortcomings" and with possible suggestions for re-organization free world's defenses which could have divisive effect, especially during this crucial period. We also fear unjust criticism would create undesirable atmosphere for NATO Tenth Anniversary Meeting.

2. We have taken series of steps counter this possibility.

(a) After initial hesitation as result French Mediterranean fleet decision, we have suggested having tripartite talk on Africa at first opportunity, e.g., immediately after NATO Ministerial meeting. We have told French here we willing hear their views on any subject at any time and intimated this could be done in tripartite forum.

(b) President has replied to General de Gaulle's private letter in terms which express appreciation of French stand on Berlin.¹

(c) President's second letter on fleet² expresses concern at manner action taken and makes suggestions as to how we could all deal with problem in manner aimed at minimizing its possible effects. Tone is moderate and friendly.

Source: Department of State, Central Files, 740.5/3–2259. Secret; Presidential Handling. Drafted by Brown on March 21; cleared with McBride, Turner C. Cameron of the Office of Western European Affairs, Timmons, Merchant, and Thomas J. Dunnigan of the Executive Secretariat; and approved by Murphy. In an attached memorandum to Merchant, March 21, Timmons expressed his doubts about clearing the telegram, since he felt that giving way to de Gaulle even in the limited way recommended in the telegram would only "feed his ego." He also believed that Norstad, who had taken a strong stand that NATO command problems affecting him should first be discussed with him, would be unhappy with the telegram. (*Ibid.*)

¹ Reference is to President Eisenhower's March 14 reply to de Gaulle's March 11 letter; see Document 203 and footnote 1 thereto and Document 204 and footnote 4 thereto, respectively.

² See Document 204.

3. We believe following are actions which we should take in immediate future:

(a) We hope Ambassador may be able to see de Gaulle personally before press conference despite recent talk on occasion delivery President's first letter. Meeting should be arranged so as to permit substantive talk with General on broader subjects than merely French fleet.

(b) It is realized it may be impossible see de Gaulle but believe attempt should be made in view of fact de Gaulle himself will make ultimate decisions as to tenor and content his news conference. Failing this, Ambassador should try to see both Couve and particularly Debre and ask them to pass on US views to de Gaulle on urgent basis.

(c) Embassy officers, being guided by general tone and content of President's letters but not mentioning their existence, should see selected influential French before de Gaulle press conferences. These approaches should be discreet and aimed both at Gaullists close to General and at strong supporters NATO such as Mollet, Pflimlin, and Pinay.

(d) Now that second letter delivered, we will make same points here with French Embassy. We are not convinced however that this channel is best one to get across to French Government and specifically to General de Gaulle and Prime Minister Debre, exactly what our views are. We therefore think steps mentioned in points (a) through (c) immediately above should be taken.

4. In preparing to discuss this general subject with French we wish draw Embassy's attention to Deptel 3321 in which we stated we should not reject out-of-hand French attempts put forward their ideas on various subjects in tripartite forum.³ We also recall Secretary's expressed willingness during December meeting with de Gaulle to talk freely and frankly with French.⁴ Appears to us therefore time may have come turn this to more positive approach. We make this analysis in recognition of possibility that unilateral and public declarations by de Gaulle on matter affecting whole alliance pose greater danger than that which could be caused by their introduction into tripartite forum. We would of course prefer French to take their views on NATO to NATO itself. De Gaulle however seems disinclined do this and now appears ready air controversy publicly.

5. We are willing therefore, authorize Ambassador say to de Gaulle that French will find door open in Washington to propositions

³ Regarding presentation of de Gaulle's ideas on various subjects, telegram 3321 to Paris, March 11, reported that because de Gaulle appeared to be dissatisfied with the progress of the tripartite talks, he might create difficulties within NATO by trying to secure his objectives through NATO channels. Thus it might be better not to reject any French ideas put forward in the tripartite framework. "An indication by us that we would listen would additionally force French to spell out their thinking, outlines of which remain most murky." (Department of State, Central Files, 740.5/3-759)

⁴ A memorandum of conversation between Dulles and de Gaulle, December 15, is not printed. (*Ibid.*, Conference Files: Lot 64 D 560, CF 1169)

they may wish make. We continue believe we cannot institutionalize Washington discussions but believe they can provide forum wherein any of three parties can introduce matters of concern and importance of which other parties can take note. This is, of course, without commitment, and on certain topics our response would doubtless be that these matters should be raised with SACEUR or in other NATO forums, as appropriate. Finally, we believe private exposition French views and French concerns is wiser course to take, given possibility press and public misinterpretation on both sides of Atlantic and spirit of tripartite talks themselves.

6. Ambassador will of course wish to draw this message urgently to General Norstad's attention.

Observe Presidential Handling.

Herter

207. Memorandum of Discussion at the 400th Meeting of the National Security Council

March 26, 1959.

[Here follow a paragraph listing the participants at the meeting and agenda items 1 and 2.]

3. *Long-Range NATO and Related European Regional Problems* (NSC 5433/1; Memo for NSC, subject: "North Atlantic Treaty Organization", dated January 22, 1957; NSC 5810/1; NSC Action No. 2017; NIE 20-58; NIE 100-59; Memos for NSC, subject: "Long-Range NATO and Related European Regional Problems", dated March 11 and 23, 1959)¹

Source: Eisenhower Library, Whitman File, NSC Records. Top Secret; Eyes Only. Drafted by Gleason.

¹ NSC 5433/1, "Immediate U.S. Policy Toward Western Europe," September 25, 1954, is printed in *Foreign Relations, 1952–1954*, vol. V, pp. 1268–1271. The January 22, 1957, memorandum has not been found. NSC 5810/1, "Basic National Security Policy," May 5, 1958, is scheduled for publication in volume III. Regarding NSC Action No. 2017, see footnote 4, Document 163. NIE 20-58 is printed as Document 34. NIE 100-59, "Estimate of the World Situation," is in Department of State, INR-NIE Files. The March 11 memorandum transmitted to the NSC the discussion paper on the subject. (Eisenhower Library, Sp. Asst. for Nat. Sec. Affairs Records, NATO) The March 23 memorandum transmitted to the NSC the views of the Joint Chiefs of Staff; neither the memorandum nor the JCS paper has been found.

Mr. Gordon Gray briefed the Council on the Discussion Paper² pointing out early in his briefing the view of the Joint Chiefs of Staff that they could not find in the Discussion Paper a clear requirement for a separate policy on the subject although they thought a broadening of the issues might develop a requirement for an NSC policy on long-range NATO and related problems.

(A copy of Mr. Gray's briefing note is filed in the Minutes of the Meeting and another is appended to this Memorandum).³

Mr. Gray then posed the first of the four major policy issues for discussion. The first issue was: "What should the U.S. seek as the NATO military posture for the 1960's? Will there be a requirement for a change in the current NATO sword and shield concept?"

After explaining the nature of the issue, Mr. Gray invited General Twining to give his views as to the answer.

General Twining did not reply directly to Mr. Gray's question but instead repeated the written views of the Joint Chiefs of Staff to the effect that most of the policy issues raised in the Discussion Paper related to internal problems of the NATO countries. If we were to have a policy paper on NATO, that paper should be very much broader in character than seemed to be indicated by the issues raised in the Discussion Paper this morning.

Secretary Herter expressed himself as in agreement with the views just provided by General Twining. He also said that with respect to the Discussion Paper, there had not been sufficient time to staff the paper out in the Department of State. Accordingly, he felt himself obliged to reserve judgment as to the necessity for a policy paper on NATO. In any event, the posture of NATO at the present time was good despite the actions of President de Gaulle. The main consideration before us at present was the task of maintaining the unity and solidarity of NATO. Moreover, at the forthcoming April 2–April 4 NATO meeting in Washington, there would be no discussion of the military aspects of NATO. What we hoped to achieve at this meeting was a reiteration of the solidarity of NATO in the face of the Soviet threat. The State Department people have been very busy dealing with this problem and they feel that the military issues and questions will require more extended discussion with General Norstad.

In reply to the views of General Twining that a NATO paper if there were to be one, should address itself to broader problems than those in-

² See footnote 1 above.

³ Not printed. The minutes of all National Security Council meetings held during the Eisenhower administration are in the National Archives and Records Administration, RG 273, Records of the National Security Council, Official Meeting Minutes File.

licated in the Discussion Paper, Mr. Gray invited the Council's attention to the note on Page 5 of the Discussion Paper which pointed out that the possibilities inherent in East-West agreements, our mutual troop withdrawals, regional arms inspection, and limited bans on nuclear weapons were separate questions under study by the working groups on the Berlin crisis and for that reason were not considered in this Paper. Mr. Gray then said that he would at least run over briefly the other three issues even though the Council was not disposed to discuss them at this time.⁴ He concluded his comments by stating that the Discussion Paper had been put up to the Council, not with the objective of securing the Council's answers to the basic issues raised, but to determine whether or not the Planning Board should proceed to formulate a statement of policy on NATO and related European regional problems.

When Mr. Gray had completed his statement, the President turned to General Twining and inquired how much the Joint Chiefs of Staff had done by way of reviewing the entire world posture of the U.S. The President said that he did not wish to appear rigid but that when we had originally worked out the concepts on which we had based the deployment of U.S. Forces in Europe back in 1951, these concepts had been very realistic. Were we still being realistic in our concepts about the role of U.S. Forces or had we diverged? Back at this time it was clear, said the President, that the U.S. had in mind three major missions for U.S. Forces deployed overseas. The first of these missions was the obvious one of deterring Communist aggression. The second was to help friendly nations around the world to keep these outposts defended with their own ground troops. The third mission was to provide for the ground forces of the outpost nations a degree of mobility; that is, U.S. naval and air strength would be used to reinforce local ground forces in the outpost countries.

Specifically, said the President, the six U.S. divisions which we had deployed to the NATO area were originally intended to be our response to an emergency situation. These divisions were sent in order to encourage the European nations to become the first line of their own defense against the Soviet Union. Since that time we seemed to have abandoned this realistic concept. Now these Western European countries and others were calling for more and more U.S. Forces to be deployed. Yet we must not be so dispersed in our military deployments that we cannot act promptly to meet an emergency. What we need for an emergency is not

⁴ The other three issues as listed in Gray's briefing note were as follows: How can the NATO countries support the defensive forces required for the 1960s? How should the United States deal with the problems raised by the desire of other NATO nations for an independent European nuclear capability? In general, how should the broader Atlantic Community of NATO be related to the Western European integration movement in the years ahead?

a dispersal of U.S. military forces but on the contrary a concentration of them. We should try to bring pressure all around the world so that the local forces in all these countries constitute the first line of defense, a line of defense which we can assist with our mobile reserve forces. This was the concept that we were all talking about back at the time of the New Look in 1953.

General Twining commented that the MC-70 Plan⁵ was a precise illustration of what the President was complaining about. We were now stuck with our role in the MC-70 Plan.

Speaking quite forcefully, the President continued his exposition, noting that General de Gaulle shows no hesitation in telling us what he proposes to do here and there with French military forces. This illustrated, said the President, his point that many of these countries have lost any sense of their own responsibility for the defense of Europe. The President admitted that he did not know how we were going to get out of the responsibility represented by the deployment of our troops abroad but he certainly knew that we had strayed far from our original concept of the purposes our troops abroad were to serve. These U.S. Forces abroad were now looked upon as permanent features of local defense.

The President then indicated that he would like to see the whole of this matter talked about or studied about by a staff which was not committed to a Service point of view. General Twining replied that while the Joint Chiefs of Staff had no such study in hand at the present time, they could certainly start one.

The President repeated his view that we always seem to start out on one of these moves in an emergency and when we wake up our emergency deployment has become a permanent U.S. policy.

Secretary Herter said that the preliminary report of the Draper Committee⁶ had raised some of the questions which bothered the President. The latter replied by stating that giving \$400 million to the NATO countries to improve their own military defense would in the long run be much cheaper than maintaining all these U.S. divisions in the NATO area.

Mr. Gordon Gray then stressed the importance of the question of what the U.S. was going to say with regard to this recommendation for \$400 million in the Draper Report. The President replied facetiously that

⁵ See Document 131.

⁶ President Eisenhower appointed William H. Draper, Jr., on November 24, 1958, as chairman of a special committee to undertake an analysis of the military assistance aspects of the Mutual Security Program. (Department of State *Bulletin*, December 15, 1958, p. 954) The preliminary report has not been found.

we should tell the NATO countries that this is our problem. The President then went on to observe that once the U.S. has achieved a certain level of military security, the Mutual Security Assistance becomes more important than Military Assistance. If we are going to allocate more and more money for weapons and cut down on other kinds of assistance to friendly countries, we would soon find ourselves in very bad shape.

Secretary Herter said that it appeared to him that there were two aspects to the problem under discussion. The first aspect was what kind of U.S. presence in Europe was necessary in order to provide an adequate military deterrent to the Soviets. The second aspect was what kind of U.S. presence was required in Europe in order to give NATO the requisite political and psychological support and cohesion. The determination of the latter phase of the problem was particularly ticklish.

The President thereafter commented as follows with respect to the question posed by the Discussion Paper; namely whether or not we should proceed to develop a policy paper on long-range NATO and related European regional problems. The President said that he did not believe that at this moment it would be wise to put too much of our talent on this problem. In the near future we would be in too much of a state of flux. Accordingly, he would not suggest doing the NATO paper at this time. To do it now would be to build on shifting sands, at least over the next few months. It might, he said to Mr. Gray, be a good idea to give his people a week's rest.

Mr. Gray then indicated his concern whether Secretary Herter felt that he had sufficient guidance with respect to what to do about the Draper Report to handle the matter at the NATO meeting. In reply Secretary Herter again pointed out that no military matters were on the agenda for discussion at the NATO meeting on April 2 and that he felt that he did have sufficient guidance to deal with the political issues which would be discussed at the meeting.

Secretary Quarles warned that it might prove very difficult at the forthcoming NATO meeting to confine the discussion to purely political issues.

The President then commented that he thought that in the end he would support the recommendation of the Draper Committee for the additional \$400 million. This would of course, he admitted, raise severe budgetary problems and we must try to find some way to scale down some of our more costly domestic programs. Mr. Stans observed that speaking from the standpoint of the Bureau of the Budget, he very much hoped that no commitments would be made at the NATO meetings with respect to the recommendations of the Draper Committee. The Bureau of the Budget would very much prefer first to go through the regular review process. Secretary Quarles stated that the Department of Defense felt that it must submit a bill of particulars with respect to the

recommendations of the Draper Committee. Such a bill of particulars was being prepared in Defense and when completed it would be sent to both the Bureau of the Budget and the State Department. Even though this problem was not on the agenda of the forthcoming NATO meeting, Secretary Quarles expressed the conviction that this Government must be ready soon to move in on the problem. He therefore suggested a discussion of the Draper Report at an early Council meeting.

*The National Security Council:*⁷

a. Noted and discussed the Discussion Paper on the subject, transmitted by the reference memorandum of March 11, 1959; in the light of the views of the Joint Chiefs of Staff, circulated by the reference memorandum of March 23, 1959.

b. Noted the President's view that the preparation of a policy on long-range NATO and related European regional problems should be deferred for the time being.

Note: Immediately preceding this NSC meeting, the President met with the Vice President, the Acting Secretaries of State and Defense, the Chairman, Atomic Energy Commission, the Chairman, Joint Chiefs of Staff, the Director of Central Intelligence, the Special Assistant to the President for National Security Affairs, Assistant Secretary of State Merchant, and the White House Staff Secretary and Assistant, to discuss policy issues related to German reunification, European security, and Berlin, involved in preparation for negotiations with the USSR.⁸

S. Everett Gleason

⁷ Paragraphs a and b and the Note that follows constitute NSC Action No. 2062, approved by the President on March 31. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by National Security Council)

⁸ A memorandum of this conversation with the President is printed in volume VIII, Document 245.

208. Editorial Note

The Ministerial Meeting of the North Atlantic Council, held in Washington April 2-4, was attended by all Foreign Ministers and NATO Permanent Representatives of the 15 member countries, except for Foreign Ministers Averoff of Greece and Gudmundsson of Iceland. The U.S. representative to this meeting was Acting Secretary of State

Christian A. Herter. A list of the principal members of the U.S. Delegation is printed in Department of State *Bulletin*, April 20, 1959, page 554.

An opening commemorative ceremony marking the tenth anniversary of the North Atlantic Treaty Organization was held on the morning of April 2. Remarks on the occasion by President Eisenhower, Acting Secretary Herter, Honorary President of the Council Joseph M.A.H. Luns, and Paul-Henri Spaak are printed *ibid.*, pages 543–553.

The most extensive body of documentation on this NATO Ministerial Meeting is in Department of State, Conference Files: Lot 64 D 560, CF 1228–1239. Briefing papers are in CF 1228–1230. CF 1231 and 1236–1238 contain verbatim records of the sessions. No summary records for this Ministerial Meeting have been found. Miscellaneous documents are in CF 1232 and 1233. CF 1234 contains Orders of the Day. CF 1235 contains a set of memoranda of conversation among U.S. officials and between U.S. and foreign officials. A chronological record of meetings between April 2 and 4 is in CF 1236–1238. Copies of telegrams from the delegation are in CF 1239. Telegrams and documentation on this Ministerial Meeting are in Department of State, Central File 396.1–WA.

Many of the discussions during the Ministerial Meeting related to the problems of Berlin and Germany and the prospect of a forthcoming Foreign Ministers meeting with the Soviet Union in Geneva to discuss these matters. On March 31, Herter, Couve de Murville, and Lloyd met to review the Four-Power Working Group Report on Germany and Berlin and to consider the responsibility of the three Foreign Ministers to report to the NATO Foreign Ministers on contingency planning regarding the Berlin situation. A memorandum of the discussion (USDel/MC/15) is *ibid.*, Conference Files: Lot 64 D 560, CF 1235. Foreign Minister von Brentano then joined the three. A memorandum of that discussion (USDel/MC/16) is *ibid.*

At 11 a.m. that day, Herter met with Couve de Murville to discuss several subjects. Memoranda of their conversation on negotiations with the Soviets on Germany and Berlin (USDel/MC/19), Spanish membership in NATO (USDel/MC/20), COCOM (USDel/MC/21), SEATO (USDel/MC/22), tripartite talks (USDel/MC/23), and representatives in the United States of the Algerian Front for National Liberation (USDel/MC/24) are *ibid.* USDel/MC/23 is also printed in Part 2 as Document 106. At 2:30 p.m., Herter, Murphy, Merchant, and Deputy Director of the Office of British Commonwealth and Northern European Affairs William N. Dale met with Lloyd and his advisers. Memoranda of their conversation on the U.S. draft report to NAC on contingency planning (USDel/MC/5), the new French paper on contingency planning (USDel/MC/6), and a recent high-altitude flight by a U.S. military plane through the Berlin corridor (USDel/MC/7) are in Department of State, Conference Files: Lot 64 D 560, CF 1235. At some point during the day,

Douglas Dillon met with Lloyd to discuss military aspects of SEATO. A memorandum of their conversation (USDel/MC/4) is *ibid.*

On the morning of April 1, Herter, Couve de Murville, Lloyd, and von Brentano met again. Memoranda of the morning session (USDel/MC/17) and the afternoon session (USDel/MC/18) are *ibid.* At 5:30 p.m., Eugene Schaus, Foreign Minister of Luxembourg, paid a courtesy call on Herter. A memorandum of their discussion (USDel/MC/3) is *ibid.* At 5:45 p.m., Herter met with Dutch Foreign Minister Luns. Memoranda of their discussion on Dutch views on the need for NATO solidarity (USDel/MC/1) and Indonesian nationalization of Dutch properties (USDel/MC/2) are *ibid.* USDel/MC/1 is printed as Document 209.

On Thursday, April 2, before the opening commemorative ceremony, which began at 10:10 a.m., Herter discussed Berlin with Spaak. A memorandum of their conversation (USDel/MC/8) is in Department of State, Conference Files: Lot 64 D 560, CF 1235. Herter met separately with Italian Foreign Minister Pella to discuss Italian interest in sumitry. A memorandum of that conversation (USDel/MC/9) is *ibid.* At 3:30 p.m., the first restricted session of the North Atlantic Council began, summarized in Topol 3313 to Paris, April 2 (*ibid.*, Central Files, 396.1-WA/4-259), and circular telegram 1151 (see volume VIII, Document 252). At 6 p.m., Benson E.L. Timmons conducted a debriefing session on the day's events.

On Friday, April 3, Herter and Assistant Secretary of State for Near Eastern and South Asian Affairs William M. Rountree met with Turkish Foreign Minister Fatin Rustu Zorlu to discuss the situation in Iran and Iraq. A memorandum of their conversation (USDel/MC/10) is in Department of State, Conference Files: Lot 64 D 560, CF 1235 and 1237. The Ministerial Session, which began at 10 a.m., was reported in circular telegram 1149, April 3; a summary is printed in volume VIII, Document 253. At 1:30 p.m., Frederick E. Nolting, Jr., Deputy Representative to NATO, conducted a debriefing session. The afternoon Ministerial Session began at 3:30 p.m.; see Document 210. Fessenden held a debriefing session at 7 p.m.

On Saturday, April 4, Herter, Merchant, Bruce, and Hillenbrand met with von Brentano and German Ambassador Wilhelm Grewe at 9 a.m. A memorandum of their conversation (USDel/MC/11) is in Department of State, Conference Files: Lot 64 D 560, CF 1235 and 1238. The Ministerial Session, which began at 10 a.m., was briefly summarized in circular telegram 1152, April 4. (*Ibid.*, Central Files, 396.1-WA/4-458) At 11:45 a.m., Merchant, at the Department of State, received a telephone call from Carlo Alberto Straneo, Director of Political Affairs of the Italian Foreign Office, who argued for stronger language in a tripartite draft regarding Italian participation in the Foreign Ministers meeting at Geneva the following month. A summary of this conversation is in a

memorandum from Merchant to Herter, April 4; *ibid.*, Conference Files: Lot 64 D 560, CF 1238. At 3 p.m., Herter and Lloyd and several of their assistants met. A memorandum of their conversation on the Geneva nuclear test negotiations (USDel/MC/12), the situation in Iraq (USDel/MC/13), and King Saud's message on Iraq (USDel/MC/14) are *ibid.*, CF 1235 and 1238.

The following documents are arranged in the order in which the meetings were held.

209. Memorandum of Conversation

USDel/MC/1

April 1, 1959, 5:45 p.m.

NATO MINISTERIAL MEETING

April 2–4, 1959

SUBJECT

Dutch Views on Need for NATO Solidarity

PARTICIPANTS

Dr. J.M.A.H. Luns, Foreign Minister of The Netherlands

Dr. J.H. van Roijen, Ambassador of The Netherlands

Mr. D.U. Stikker, Netherlands Permanent Representative to NATO

The Acting Secretary

Mr. Walter S. Robertson, Assistant Secretary for Far Eastern Affairs

Mr. Turner C. Cameron, Jr.—WE

Foreign Minister Luns opened the conversation by saying that he believed the NATO Ministerial meeting was coming at a very opportune moment since it would provide an important demonstration of continuing Western unity in the face of Soviet threats. He said that he thought it was well that world public opinion should be reminded that NATO was a continuing organization with well-defined objectives. This had been important throughout the history of NATO but it seemed to him to be of even greater significance at the present moment. Earlier in the year he had been concerned by signs of disagreement among the Western nations. He commented that Prime Minister Macmillan's talks in Paris, Bonn and Washington had, in his opinion, done much to clear the air and to create a situation where NATO unity could be again dem-

onstrated.¹ The Acting Secretary said that he, of course, agreed with the Foreign Minister's emphasis on NATO solidarity. He commented that Mr. Macmillan's talks had indeed been helpful and had taken place in a friendly atmosphere.

Foreign Minister Luns said that he was in the very fortunate position of being able to speak for a country which was entirely united on taking a firm stand on East-West questions. He added that the Dutch Labor Party strongly supported the Government in these matters. There was, however, he commented, a slight feeling that in developing the West position the views of the smaller allies had not received a sufficient hearing. This was an additional reason for welcoming the NATO meeting.

Referring to the forthcoming Foreign Ministers' meeting,² Foreign Minister Luns said that if the US, UK and France agreed to Italian participation, the Dutch believed that Benelux should also be given a place at the table. He recalled that the Netherlands had been one of the original allies in World War II and that Italy had joined the Alliance a little later. He pointed out that the Netherlands was not one of the weaker allies. Its military contributions were significant, and its position on political questions was firm. The Acting Secretary said that we welcomed the firmness of Dutch public opinion on East-West matters. He added that, as the Foreign Minister knew, public opinion in the United States was also very solid on these questions. As for possible Benelux participation in the Foreign Ministers' meeting he said that we preferred the four-power formula. Moreover we did not know how this matter would turn out since in their note of March 30 the Soviets left the question of Czechoslovakian and Polish participation to be decided in the Foreign Ministers' meeting itself.³

Recalling his last visit to London, Foreign Minister Luns said that British political leaders had asked him what the Dutch would do in case a crisis developed over Berlin. The Foreign Minister said that he had replied that the Dutch would instantly mobilize. This was the position of the Dutch Government which had the full support of the Dutch people. He added that the Dutch were firmly united on the position that the

¹ Regarding Macmillan's talks in Paris and Bonn, see footnote 2, Document 197. For documentation on Macmillan's talks in Washington March 19–24, see Part 2, Documents 355 ff.

² Documentation on the Foreign Ministers meeting in Geneva May 11–August 5 is in volume VIII.

³ The March 30 Soviet note to the United States and the United Kingdom calling for a Foreign Ministers Conference and a Summit Conference is printed in RIIA, *Documents*, 1959, pp. 33–34. A similar but not identical note was sent to France.

West should not give in on Berlin or accept disengagement. He believed that any action along these lines would only increase the danger of war.

The Foreign Minister said that the Dutch Government was most unhappy about the French withdrawal of their Mediterranean fleet from wartime commitment to NATO. He was particularly concerned about the political and psychological implications of this move which struck directly at NATO unity and solidarity. He was also disturbed by the effect of this action on the continued integration of NATO forces in which the Dutch believed strongly. The Foreign Minister asked whether the Acting Secretary thought it would be desirable for the Dutch to raise this matter at the forthcoming NATO meeting. The Acting Secretary replied that the United States had also been seriously disturbed by the French action for much the same reasons which the Foreign Minister had mentioned. Although we did not wish to minimize in any way our concern at the French action, we were trying to play it down and do not believe that it would be desirable to raise it in the forthcoming sessions of the NATO Ministerial meeting. We thought it better to emphasize NATO unity in these sessions. In reply to a question, the Acting Secretary said that the French Foreign Minister had told him that the French Government contemplated no further moves against the NATO command structure in the near future.

Foreign Minister Luns asked whether the Berlin situation had not recently become more tense because of the C-130 incident.⁴ The Acting Secretary explained that the flight of the C-130 had been designed as a demonstration of our right to fly into Berlin at any altitude. Our military had been anxious to reaffirm this principle. Our new jet transports attain their maximum efficiency at an altitude of approximately 25,000 feet. We had, of course, never recognized a ceiling on the altitude at which our planes could fly. There had been protests from the Soviets but the discussion was still at the technical level. Foreign Minister Luns asked whether the Acting Secretary did not believe that it might be desirable to take certain military precautions in Europe. The Acting Secretary replied that we had indeed already made some moves in this direction. Certain of our military units had been strengthened. These moves had been taken in such a way that the Soviets would become aware of them. We did not intend to publicize these actions since we did not wish to increase uneasiness in Western Europe.

⁴ On March 27, three Soviet fighters repeatedly "buzzed" a U.S. Air Force C-130 airplane, which was flying to Berlin at a height of 25,000 feet. The Soviet Government maintained that the Western Allies were not entitled to fly above 10,000 feet to Berlin.

210. Circular Telegram From the Delegation to the North Atlantic Council Ministerial Meeting to Certain Embassies

April 4, 1959, 6:14 p.m.

1155. From U.S. Del NATO. NAC Ministerial session afternoon April 3¹ covered following subjects under Agenda Item I:

- (1) procedures for further Four Power consultation with NAC on Berlin and Germany;²
- (2) discussion of Middle East situation;
- (3) Icelandic fisheries.

Session also covered Agenda Item II: Secretary-General's report. Following is summary each subject:

[Here follows discussion of item (1); see volume VIII, Document 253, footnote 5.]

[9 paragraphs (3 pages of source text) not declassified]

4. US opened discussion Item II (Secretary General's Annual Political Appraisal).³ (Acting Secretary's statement reported in full in separate airgram repayed all addressee posts.)⁴

Member speakers then commented on report, each paying tribute to Sec Gen and his contribution to Alliance.

Netherlands stressed importance it attached to meeting Sino-Soviet economic offensive and expressed earnest hope there would be follow-up action in this field. Serious weaknesses in defense field very dangerous for Alliance. Recalled discussions of last Ministerial meeting⁵ and stated should be made possible for Secretary General to carry out tasks given him by providing staff.

Italy recalled importance increased military effort, noting four percent annual increase over five-year period in Italian defense spending. Officially informed NAC of US-Italian IRBM agreement⁶ and technical

Source: Department of State, Central Files, 396.1-WA/4-459. Secret; Limit Distribution. Drafted by Fessenden, cleared with Nolting and Alan G. James of S/S, and approved by Timmons. Sent to the NATO capitals, Berlin, Moscow, and CINCPAC for POLAD.

¹ The verbatim (C-VR(59)15) record of this session, dated April 3, is *ibid.*, Conference Files: Lot 64 D 560, CF 1237.

² Documentation on the Four-Power Working Group on Germany and Berlin, which convened in Washington on February 4 and reconvened in Paris on March 9 and in London on April 13, is printed in volume VIII.

³ Not found.

⁴ Not printed. (Circular CG-517, April 4; Department of State, Central Files 396.1-WA/4-459)

⁵ See Document 172.

⁶ On March 30, the United States and Italy signed an accord providing for U.S. missile sites in Italy and the delivery of IRBMs to Italian forces. For text, see *American Foreign Policy: Current Documents*, 1959, p. 512.

agreement with SACEUR, in implementation of Heads of Government decision December 1957.⁷ Stressed importance of maintaining security re details IRBM agreement and not informing press. Expressed willingness, however, inform NAC of details.

UK praised Sec Gen's report as realistic document, with its stress on harmonization of policies rather than common policies. Spaak and NAC role in Cyprus settlement much appreciated. Increased emphasis on meeting Sino-Soviet economic offensive important, using trade, not aid, to underdeveloped areas and avoiding NATO label. On December Defense Resolution,⁸ hoped for good results, but process taking longer than desired.

Germany (von Brentano) expressed importance practical approach political consultation. Should not be further institutionalized. Emphasis must be on developing habit consultation. Africa study⁹ good example; hoped apply this approach other areas.

Greece joined in tribute to Spaak for Cyprus role. Confident that Greek and Turkish Cypriot communities would be inspired by will to cooperate.

France (Couve de Murville) made brief statement expressing satisfaction with consultation process.

Turks also joined in expressing gratitude to Spaak and NAC re Cyprus and referred to joint Greek-Turkish memo on economic development.¹⁰

Norway stressed need not lose sight requirement for consultation within NATO of expansion economies of member states.

Spaak summarized as follows:

1. *Political*—Consultation generally in favorable state. Habit of consultation well established. Flexibility necessary.

2. *Economic*—Spaak emphasized great danger of Soviet economic offensive. NATO has important role to play in helping to develop an economic policy to meet this threat, although not necessary for NATO itself to carry out economic programs.

3. *Defense*—US-Italian IRBM agreement cause for satisfaction. Serious gap remains between military requirements and economic capabilities. To be hoped that questions of military organization not still outstanding can be solved.

4. *Technical and Scientific*—Special plea for further support scientific technical cooperation especially in view Soviet progress this area.

⁷ Regarding the Heads of Government decision on IRBMs in December 1957, see Polto 1807 from Paris, December 19, 1957, printed in *Foreign Relations, 1955–1957*, vol. IV, pp. 253–256.

⁸ See Document 180.

⁹ Not further identified.

¹⁰ Not found.

211. Telegram From the Department of State to the Mission at the North Atlantic Treaty Organization and European Regional Organizations

April 19, 1959, 2:38 p.m.

Topol 3478. 1. Spaak called on Acting Secretary Murphy afternoon April 17 for general discussion, highlights of which summarized this message.¹ Saint-Mleux, Burgess and Timmons also present.

2. Spaak has requested that account of substance of talk be passed privately to Acting SecGen Casardi, which Nolting is authorized to do orally soonest. Burgess returning Paris April 20 and can amplify if necessary following summary.

3. Talk turned first to developments since closed NATO meeting regarding preparations for Foreign Ministers meeting with Soviets May 11. Murphy said that in London Working Group discussions British were showing themselves reticent on basic question of Germany, although not with respect Berlin. Concept of "zone" was not popular with Germans. British position on zone remains obscure, although they say they want no disengagement nor Rapacki Plan.² Spaak reiterated his basic view that key question is how "package" is to be presented, specifically whether there could or should be any agreement on European Security measures without firm link to German reunification. In response to question from Spaak, Murphy said he thought eventually German reunification will be possible (definitive statement on Eastern frontiers might make fundamental difference), and West should avoid saying reunification impossible, although obviously talks with Soviets immediately ahead may not produce any results. Spaak inquired how long Murphy thought conference would last. Murphy said as a guess perhaps three weeks, based prior experience with Soviets.

4. Spaak inquired whether would discuss first whole German question or Berlin. Murphy thought it logical discuss entire German problem first. Spaak agreed, reverting to relationship between reunification and European security. He pointed out that if reunification occurred, conditions affecting European security problem would change, citing Western offer, provided reunified Germany joined NATO, not take military advantage as result withdrawal Soviet forces.

Source: Department of State, Central Files, 110.13-MU/4-1959. Secret; Priority; Limit Distribution. Drafted by Timmons, cleared with Dunnigan, and approved by Murphy.

¹ Following the Ministerial Meeting in Washington April 2-4, Spaak participated in a group tour with foreign NATO officials of several U.S. cities and military installations before returning to Washington.

² See footnote 12, Document 140.

5. Murphy said that Adenauer strongly opposed to confederation, believing it would be bar to reunification. Spaak said he agreed with Adenauer. Thought Germans, in sending to Soviets their note of last November 17,³ had gone quite far. Murphy agreed. In response question from Murphy Spaak said thought raising of Berlin question only pretext and that basically Soviets hope obtain recognition status quo in Eastern Europe.

6. Spaak said West must maintain troops in West Berlin. This is heart of matter. Went on say that most NATO countries (specifically mentioned Norway, Denmark, Belgium) were firmer on Berlin than he thought they would be. All NATO countries agreed military and civil communications between Berlin and West must be maintained. Real question, however, is with whom freedom of access would be discussed, i.e., if Soviets turn over to East Germany and leave, West cannot insist Soviets stay. Considerable discussion of legal aspects ensued, during which Murphy expounded "tenancy in common" principle, which is good legal base whereby Western powers would inherit Soviet rights if latter leave. Both agreed however that at base Berlin was political rather than legal question.

6. Discussion turned to question high altitude flights Berlin.⁴ Murphy filled Spaak in on number and type of flights that have taken place, and on U.S. position regarding such flights, indicating we do not and have never recognized any limitation on right fly at any altitude in corridors. Spaak thought both NATO and public opinion need more education this subject.

7. Re tripartite talks Murphy briefed Spaak on recent discussions regarding Africa (see separate Topol message referencing Deptel 3916 to Paris)⁵ and said U.S. anxious better understand main lines French policy on Algeria, Maghreb, and French Community. Spaak inquired concerning status de Gaulle letter last September,⁶ particularly re suggested global directorate. Murphy indicated Secretary Dulles had made clear U.S. could not accept directorate. Spaak said understood de Gaulle disappointed over lack "response" from Washington, and it appeared that there might be continuing difficulties in NATO from French

³ For text, see *Moskau Bonn*, p. 459.

⁴ The Soviet and U.S. positions on flights in the Berlin air corridor were presented in the Soviet note to the United States, April 4, and the U.S. response, April 13, printed in Department of State *Bulletin*, May 4, 1959, pp. 632–633.

⁵ Topol 3470 to Paris, April 18, reported that on April 17 Murphy briefed Spaak on the tripartite talks on Africa along the lines of telegram 3916 to Paris. (Department of State, Central Files, 110.13–MU/4–1859) Telegram 3916 to Paris summarized the Department's briefing of Italian Embassy officials on the tripartite talks on Africa on April 16 and 17. (*Ibid.*, 770.00/4–1759) Regarding the April 16–21 talks on Africa, see Part 2, Document 107.

⁶ Part 2, Document 45.

side until French obtained some kind of "satisfaction" (not necessarily directorate). Murphy said Joxe had recently told him he (Joxe) believes de Gaulle understands NATO better than he did.⁷ Spaak commented that French fleet action was purely political question. Spaak said it "ridiculous" not have integrated air defense in NATO Europe and added how impressed he had been with NORAD briefing,⁷ which showed clearly integration indispensable. Spaak also commented that it dangerous for French make case on their national naval mission in Mediterranean, for some day Germans may do likewise in Central Europe regarding ground forces. Murphy agreed. Murphy said French may intend make some suggestions on NATO Mediterranean command. If so Ambassador Burgess will be informed and he in turn will keep Spaak advised.

8. Discussion closed with general reflections on overall African situation, including Morocco, Tunisia and Algeria. Spaak and Murphy agreed de Gaulle best hope for a solution in Algeria. Spaak also referred to heavy demands on France created by Algeria, i.e., both pacification and economic development. Problems confronting West in Africa need examination by all NATO countries. Said that in EEC economic development fund there is beginning of common policy.

9. After meeting Spaak asked see summary of NATO discussion on Germany, Berlin and European security prepared for use of London Working Group.⁸ After reading it said he thought it "very well done".

Murphy

⁷ Not further identified.

⁸ Not found.

212. Memorandum of Conversation

April 17, 1959.

SUBJECT

Discussion between Mr. Murphy and Mr. Spaak

Source: Department of State, Central Files, 110.13-MU/4-1759. Secret. Drafted by Timmons and initialed by Murphy.

PARTICIPANTS

U.S. Side

Robert Murphy, Acting Secretary of State

W. Randolph Burgess, U.S. Permanent Representative to NATO

B.E.L. Timmons, Director EUR/RA

NATO Side

Paul-Henri Spaak, Secretary-General of NATO

Andre St-Mleux, Directeur de Cabinet to the Secretary-General

Except for a few points, the full substance of Mr. Spaak's talk with Mr. Murphy, which lasted about 45 minutes, is reproduced in Topol 3478¹ which was prepared and dispatched to Paris before a formal Memorandum of Conversation was written, since Spaak wished to have USRO convey the substance of the talk to the Acting Secretary-General of NATO, M. Casardi, as soon as possible.

The points made by Spaak and not reflected in Topol 3478 are as follows:

a) In discussing General de Gaulle's attitude toward NATO, and the difficulties that this has caused, Spaak said "Not only is de Gaulle himself not doing anything for NATO, he is preventing other members from making progress."

b) In speaking of de Gaulle's evident desire for tripartite global strategic planning, Spaak said it was far easier to talk about such planning than it was actually to do it.

c) In discussing the French withdrawal from NATO of their Mediterranean fleet, Spaak said frankly that he thought this was a French reaction against the U.S. vote on the Algerian question in the last UN General Assembly.

d) In discussing the problem of creating an integrated air defense for NATO Europe, Spaak said he thought it would be very good if de Gaulle could come to the United States and hear the same briefing that he, Spaak, and the NATO Permanent Council had just received at NORAD, which demonstrated very clearly that under modern conditions individual countries could not provide an adequate air defense on a national basis.

e) In discussing the problems of North Africa, Spaak said that it was perfectly clear that the French did not wish to discuss the problem of Algeria in the North Atlantic Council.

Mr. Murphy directed M. Spaak's attention to the fact that the French had unilaterally extended the NATO area by an average of 100 kilometers to the South when they created the present 15 Departments of Algeria in the place of the former 3 Departments. Spaak said he had not been aware that the area covered by the present 15 Departments is larger than that covered by the old 3 Departments. There was also some discussion of the question as to the status vis-à-vis NATO of Hawaii after statehood is attained.²

¹ Document 211.

² See Document 230.

213. Memorandum of Conversation

June 8, 1959.

SUBJECT

French Problems

PARTICIPANTS

Mr. Robert Murphy, Deputy Under Secretary of State
General Lauris Norstad, Supreme Allied Commander, Europe
Mr. Foy D. Kohler, Acting Assistant Secretary, EUR
Mr. Ivan B. White, Deputy Assistant Secretary, EUR
Maj. General John S. Guthrie, Director, European Region, OSD/ISA
Mr. Robert H. Knight, Deputy Assistant Secretary, OSD/ISA
Mr. B.E.L. Timmons, Director, EUR/RA
Mr. Robert H. McBride, Director, WE
Mr. Alfred G. Vigderman, Acting Director, GER
Mr. Russell Fessenden, Deputy Director, EUR/RA

Aid Policy Towards France. There was general agreement to follow General Norstad's recommendations regarding Tartars: i.e., there should be specific understanding that the ship being equipped with Tartars would be earmarked for assignment to NATO and that the equipment would remain with the ship only so long as it continued to be so earmarked. It was agreed that this could be accomplished in the customary way through an exchange of letters between the Chief of MAAG, France, and the appropriate French authorities.

On the question of nuclear-capable delivery weapons, there was general agreement with General Norstad's recommendation that there be a specific reassurance that French forces in Germany equipped with such weapons remain NATO-committed or recoverable by the U.S. should the unit be withdrawn. In discussing his second condition (for specific French agreement that NATO atomic stockpile arrangements are accepted for supplying and servicing this equipment in Germany) General Norstad said that this requirement was actually fully endorsed by the French at a high level. General Norstad also said that similar conditions are not required for nuclear-delivery equipment for other NATO countries, since the equipment for other countries is serviced by NATO stockpile arrangements. [8-1/2 lines of source text not declassified]

Mr. Murphy commented that we would appear to be bound to make the conditions for our aid clear to the French in a clear and "businesslike" manner.

Bizerte. General Norstad said that he agreed there were advantages in providing for an exception in the case of Bizerte if this would be helpful in bringing about Franco-Tunisian settlement of the Bizerte question. His concern was that he not have to play a role which would require him to "perjure" himself in the light of the French Mediterranean fleet withdrawal. He would therefore prefer a solution which would provide for extension of the infrastructure credits for Bizerte without, however, requiring an initiative by him.

Redeployment of Nine Squadrons. General Norstad said that the die was cast on the nine squadrons.¹ The Strip-Alert measures are already being put into effect, with a total of 36 aircraft now in Germany and 18 more to go. He has told General Everest of USAFE² to start discussing with the U.K. immediately redeployment details. The permanent redeployment will require about six months to carry out and will have the net effect of putting nine more squadrons into the U.K. Any permanent net increase in squadrons in Germany is not possible in view of the lack of facilities there. The permanent redeployment can be carried out in phases and in a manner that will not affect the military effectiveness of our NATO forces.

General Norstad said that the redeployment of the nine squadrons will have no real effect on de Gaulle's attitude. Only the passage of time and the gradual education of General de Gaulle in NATO will change his attitude. There are some signs that this favorable process may have already begun, since General de Gaulle is showing signs of real concern about the effect on French forces of his NATO policies. The basic difficulty with de Gaulle, as is well known, is that nobody is really able to talk with him. General Norstad finds full support in the French Government for his problems all the way up the line to de Gaulle, but there runs into a complete road block.

Mr. Murphy commented that our basic problem is perhaps in this instance to let it be understood that, as much as we value French cooperation, if the conditions are too adverse their real estate is not always indispensable.

¹ Reference is the redeployment of nine U.S. Air Force squadrons from France; see Part 2, Documents 121 ff. Norstad's report on the problem to the NAC on June 11 was summarized in Polto Circular 45 from Paris, June 11. (Department of State, Central Files, 711.56351/6-1159) The U.S. announcement to the NAC on July 8 of its decision to redeploy the squadrons was summarized in Polto 62 from Paris, July 8. (*Ibid.*, 711.56351/7-859)

² General Frank F. Everest, Commander in Chief, U.S. Air Force in Europe.

214. Memorandum of Conference With President Eisenhower

June 9, 1959, 2 p.m.

OTHERS PRESENT

General Norstad
Major Eisenhower

General Norstad began this informal meeting by giving the President his estimate of the situation in France. In General Norstad's view, the situation shows no improvement. There is nothing new and no signs of a new attitude. The one optimistic note lies in General Norstad's belief that de Gaulle is beginning to learn. He is becoming aware of the effects of his actions on France. This information, General Norstad says, comes from de Gaulle's official family, in particular, Debre. With respect to the difficulties in provision of atomic warheads for the nine fighter squadrons, Debre had made every effort to secure special permission to accede to our wishes, particularly in view of the present tensions in Berlin. As a matter of fact, Debre had believed at one time that de Gaulle had agreed to his urgings. After de Gaulle had reversed himself, Debre had made one more effort. This prompted the letter from de Gaulle to the President, which was written personally by him.¹ At the time of the composition of this letter, de Gaulle had stated that he had lost confidence in his people since they had tried to soften his attitude on this matter. General Norstad believes that de Gaulle will not relax this attitude since it is all part of a long-range plan.

To cope with this situation in France, General Norstad recommended that the U.S. present a calm, pleasant, orderly front. Meanwhile, we should do what we must to provide for our security. Every effort should be taken to avoid an appearance of anger or excitement. We should be considerate and thoughtful, but do what is right. General Norstad concluded that the President might be in for a shock in the event he met with de Gaulle in the near future. The French are counting on such a meeting and this fact could present a considerable problem. The President then discussed his own acquaintance with de Gaulle. He stressed de Gaulle's obsession with the honor, strength and glory of France. All his actions contribute toward the promotion of these goals. Such a small matter as the timing of a call is calculated within this framework. The President then reviewed incidents of the past which threw light on de Gaulle's character, such as the difficulty of arranging a meet-

Source: Eisenhower Library, Staff Secretary Records, NATO. Secret. Drafted by John S.D. Eisenhower.

¹ For text of this May 25 letter, see Part 2, Document 117.

ing when de Gaulle visited Paris in 1952 and refused, on the basis of his prior position, to visit with the President at SHAPE. He recalled that from early 1944 on, both Churchill and Roosevelt had washed their hands of de Gaulle and had told the President, then Supreme Commander, that he must do the dealings. In fairness to de Gaulle, however, the President pointed out that in many of the issues which are being discussed, we would react very much as de Gaulle does if the shoe were on the other foot.

General Norstad expressed the view that de Gaulle actually wants a veto power over the use of our Strategic Air Command. He does not believe that de Gaulle has the capability of wrecking NATO because of the strong reaction against his policies among the other NATO nations at this time. As an example, General Norstad cited the speech which the French General, Billotte, had made to the Atlantic Council meeting.² His demands that nuclear weapons be made available to France evoked strong negative reaction in that body. The President noted that we are willing to give, to all intents and purposes, control of the weapons. We retain titular possession only. General Norstad agreed and expressed the view that if we decide to give weapons away, we will find ourselves in trouble around the world. He himself had been questioned on this point in Norway.³ He had thrown the question back to the Norwegians and had asked them whether they recommend the sharing of nuclear capability with other nations on the part of the U.S. After a period of silence, the Norwegians had answered "no." General Norstad regards the whole situation as quite unfortunate. A strong France is absolutely necessary. The confidence of the other nations, however, in France has been seriously damaged. He continued with an assessment of the de Gaulle action in withdrawing the French fleet from NATO command. From a military viewpoint, the forces removed were insignificant. What was harmful was the gesture, obviously an effort at retaliation for our position in Algeria. In the matter of air defense, the French are presenting particular difficulties.⁴ Here the French are withholding their air forces from NATO command although the vote is against them by 14 to 1. All this is part of the pressures for a tripartite status in the world. It is impossible to satisfy de Gaulle's appetite. General Norstad reiterated his opinion that the answer to this problem is in the education of de Gaulle who

² General Pierre Billotte, President of the International Movement for the Atlantic Union, backed de Gaulle's demand for control over nuclear arms stored in France in a speech to the Atlantic Congress, organized by the Conference of NATO Parliamentarians, in London on June 9.

³ Despatch 835 from Oslo, June 3, is a report on General Norstad's visit to Oslo May 21–22. (Department of State, Central Files, 740.5/6–359)

⁴ See Document 213.

is an intelligent man and appears to be learning. He commented favorably on Debre and Ely although he noted that Ely is incapable of even talking to de Gaulle. In such meetings de Gaulle lets forth with a series of pronouncements which do nothing but discourage the conversation.

The President said that de Gaulle merely wants to make France the first nation of the world with himself the first Frenchman. Under the present circumstances de Gaulle would be courteous to the President himself, but would maintain the reservation that any concessions made would be on a personal basis, given by de Gaulle himself. The conversation which Secretary Dulles held with de Gaulle last winter, while most satisfactory, produced very little.⁵

General Norstad pointed out the contradictions in de Gaulle's character. He told of a ceremony at the Arc de Triomphe where de Gaulle had taken special pains to make a grand gesture on Norstad's behalf and gave his best wishes to him and to his country. Norstad feels that de Gaulle harbors a true respect of the U.S. and is fond of the President personally. This fondness, far from being a comforting matter, can be extremely troublesome. In the event of a meeting, he hopes that the President will confine discussion to matters which have been handled by respective staffs and which therefore could promise agreement on some issues. He cautioned that one should not confuse the French people with the personality of de Gaulle. The cabinet has been with us in most of our conversations. In particular, General Norstad singled out Debre and Ely as being friendly to our viewpoints. The President said that the French have been "feeling their oats" ever since they had been making such great economic progress with the help of the International Monetary Fund, primarily since Suez of 1956. The President spoke warmly of Pinay and Pleven, which are two of his favorites. He mentioned an unpleasant incident which had occurred in North Africa when de Gaulle had broken up the meeting between the President and Giraud⁶ and himself when Giraud had dared to mention such an internal matter as their replacement problems in the French army.

The primary concern of the President right now, however, is that other NATO nations will finally become weary with de Gaulle's attitude and lose enthusiasm for the organization. Here General Norstad expressed hope that such would not be the case. So far the effect of French intransigence is to strengthen the resolution of the other allies. Among other measures being taken is the moving forward right now of a second eighteen fighters from the French airfields to strip alert in Germany. In

⁵ See Part 2, Document 95.

⁶ General Henri Honoré Giraud, Commander in Chief of the French Army and Air Forces in North and West Africa, 1942-1945.

a couple of weeks another eighteen will be moved forward, making a total of fifty-four aircraft displaced from France to Germany. In addition, General Norstad is discussing the permanent movement of some squadrons into the U.K. In answer to the President's question, General Norstad replied that Holland is not a feasible area for deployment due to the high costs involved.

In essence, General Norstad's redeployment scheme is to move three of the fighter squadrons now located in France forward to Germany. These squadrons will replace other squadrons, since he does not desire to overload Germany. The three reconnaissance squadrons so displaced will be moved to the U.K. In addition, two additional fighter wings, comprising six squadrons total, will also be moved to the U.K., resulting in a total increase in fighter and reconnaissance planes of nine squadrons in the U.K.

The President cautioned General Norstad that he does not desire at this time to present a threatening appearance to the Soviets. He is concerned lest such a front would destroy Geneva, although he expressed the view that Geneva is probably destroyed anyway. He then asked the basis on which we plan to retain possession of the airfields from which these squadrons will be moved. General Norstad answered that we will leave caretakers behind since these airfields are our NATO property. His primary airfields are three bases of wing capacity, each located in the vicinity of Nancy. The nine squadrons are deployed as three wings, one on each of three bases. General Norstad added that he anticipates this move to take six months. The purpose of this deliberate approach is to maintain an atmosphere of calm and to avoid annoyance. The President agreed with this approach. He cited one more experience he had had with de Gaulle, which involved his threat to withdraw French forces from SHAEF command at the time of the threat to Strasbourg during the Bulge. The President's own stated intention to deprive de Gaulle of all supplies had been made in the presence of Churchill, who was apparently dumbfounded.

After some informal personal conversation, the meeting ended.

John S. D. Eisenhower⁷

⁷ Printed from a copy that bears this typed signature.

215. Circular Telegram From the Department of State to the Embassies in the North Atlantic Treaty Organization Countries

July 10, 1959, 7:58 p.m.

41. Paris for Embassy and USRO, Thurston and West¹ for info. A. Polto 27, rptd info Athens 3.² B. Athens' 41, rptd info Paris Topol 1.³

1. We have noticed evidence of certain misgivings in Europe, besides those mentioned in reftels, concerning US readiness use atomic weapons in defense of another NATO country if US itself is not attacked. Such misgivings are often based on theory that, now that USSR has ability to deliver nuclear weapons on US homeland, an atomic stalemate has been reached. According to this theory US is not likely to defend NATO territory by counter attack using US nuclear weapons because in so doing US would be inviting nuclear counter attack on itself. Thus, again according to theory, threat of US deterrent power is no longer protection for NATO area and Soviets know it. If use of large-scale nuclear weapons in European conflict is thus practically eliminated, Soviets, with greater conventional forces, would have advantage. Foregoing reasoning obviously also leads to loss of confidence in NATO defensive strategy of "sword and shield" since, it is argued, retaliatory "sword" is illusory.

2. Variation of foregoing is that indications of US or NATO plans for limited war in Europe prove thesis. *[1-1/2 lines of source text not declassified]*

3. Following sentence from Secretary's testimony before Senate Foreign Relations Committee April 21 has been cited as confirming

Source: Department of State, Central Files, 740.5/7-1059. Secret; Limit Distribution; Verbatim Text. Drafted by John Y. Millar, EUR/RA; cleared with Fessenden, Murphy, Merchant, and OSD/ISA; and approved by Herter. Pouched to Geneva.

¹George L. West, Counselor of Embassy in France.

²Polto 27 from Paris, July 4, reported that in response to a request from Spaak's office, USRO sent him the text of Herter's statement to the Senate Foreign Relations Committee on April 21 regarding the resort to nuclear war, and added that because of concern on this matter the Department might wish to make a statement dealing with this subject. (Department of State, Central Files, 740.2/7-459) For text of Herter's statement, see *Nomination of Christian A. Herter: Hearing Before the Committee on Foreign Relations, United States Senate, Eighty-Sixth Congress, First Session, on the Nomination of Christian A. Herter To Be Secretary of State, April 21, 1959* (Washington, 1959).

³Telegram 41 from Athens, July 3, reported that Averoff told the U.S. Chargé that former Prime Minister George Papandreou and other Greek leaders *[text not declassified]* had expressed misgivings concerning Herter's April 21 statement on nuclear war to the Senate Foreign Relations Committee. Averoff sought clarification of Herter's statement. (Department of State, Central Files, 660.0012/7-359)

thesis: “Reducing that question to responsible individuals, I can’t conceive of the President of the United States involving us in an all-out nuclear war unless the facts showed clearly that we are in danger of devastation ourselves, or that actual moves have been made toward devastating ourselves.” This statement was made in context of series of questions dealing with hypothetical possibility whether deliberate shooting down of a US aircraft might be considered reason for precipitating nuclear war, time factors involved, and role of US Congress in declaration of war. Within context do not believe this passage should cause confusion. (Text being pouched to all addressees.) Of course interpretation that it confirms a reservation on part of US is wholly foreign to Secretary’s views and intent. Foreign officials may be so assured, as directed by the Chief of Missions.

4. In attempting to allay such doubts regarding US intentions, it is obviously undesirable to contend that the US will, under hypothetical circumstances, adopt a given military course of action. Type of action to be taken under given circumstances is matter for Presidential determination.

5. If queried, US officials authorized by Chief of Mission should thus avoid conjecture regarding specific nature of US military response, but should emphasize US determination to honor its NATO commitments. Most authoritative statement of US position is that of President at December 1957 Heads of Government meeting:

Begin Unclassified Verbatim Text.

“This is our resolve: Speaking for my own country, I assure you in the most solemn terms that the United States would come, at once and with all appropriate force, to the assistance of any NATO nation subjected to armed attack. This is the resolve of the United States—of all parts and of all parties.

Equally, I do not doubt that each of your nations would similarly respond should the United States or another NATO member be attacked. This, then, is the core of our partnership—an attack against one is an attack against all. In order to live in peace together, we are resolved to defend ourselves together if need be.”⁴ *End Unclassified Verbatim Text.*

6. In addition, authorized US officials may refer to US record since World War II (i.e. Truman doctrine, Berlin airlift, Korea, US stand in Taiwan Straits, Beirut landings), as well as to physical presence large numbers US forces in NATO area, as clear evidence our determination stand by allied countries subjected to armed aggression or threat of force.

Herter

⁴ For full text of Eisenhower’s statement, December 16, 1957, see Department of State Bulletin, January 6, 1958, pp. 6–8.

216. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, July 17, 1959, 5 p.m.¹

Polto 135. Geneva for Merchant.² Reference: Polto 132 and 133.³ Spaak gave me this morning a more complete rundown of his conversations with De Gaulle.⁴

After Spaak had indicated his desire to explore questions relating to present French blockages of NATO operations, De Gaulle indicated he was not opposed to NATO and did not want to do anything to hurt it. He felt it had a useful function to perform within its area.

He said he was troubled by three things about NATO: Its relation to their pressing African problem; the problem of atomic capability and operations; and integration.

With respect to last point, integration, he said he did not think it represented a realistic and desirable program but he was in favor of co-operation. This was not discussed at any length. Though Spaak indicated that he thought this was partly a question of words.

With respect to Africa, De Gaulle said this was a central problem for them upon which they needed the help of other countries. He did not see how NATO as such could help them effectively.

Atomic questions then became major topic of conversation. The General recognized that with respect to secrets there were legal limitations which he deplored but understood. He laid special emphasis on the desire for assuring adequate consultation before the initiation of atomic war. In reply to Spaak's questioning as to the mechanism for carrying this out, [2-1/2 lines of source text not declassified]. He put forward no

Source: Department of State, Central Files, 740.5/7-1859. Secret; Limit Distribution. Repeated to Geneva.

¹ The date on the source text, July 18, is incorrect, since the telegram was received in the Department of State on July 18 at 9:03 a.m., or, even with the time difference between Paris and Washington, before it could have been transmitted. The telegram is also numbered in sequence with other Poltos for July 17, not July 18. See also footnote 3 below.

² Merchant was in Geneva as a member of the Delegation to the Foreign Ministers Meeting May 11-August 5.

³ Polto 132 from Paris, July 16, transmitted Spaak's oral report to Burgess of his conversation with de Gaulle that afternoon, at which Spaak left his memorandum on relations between France and NATO. (Department of State, Central Files, 740.5/7-1659) Polto 133 from Paris, July 16, transmitted the text of Spaak's memorandum. (*Ibid.*) Extracts of this memorandum are printed in Spaak, *Memoirs*, pp. 320-322.

⁴ Another account of this conversation is printed *ibid.*, pp. 323-324.

clearcut ideas as to the mechanism which might be used for this purpose.

Spaak reviewed with him some of the ideas in his memo (Polto 133) and left the memo with De Gaulle, asking him to review it and indicated what things he thought were sound and what he did not. He hopes this will lead to further conversations.

I commented the conversation opened interesting channels. [3 lines of source text not declassified] Before leaving I handed him a full copy of the text of Secretary Herter's statement yesterday at Geneva so that he would be sure to read it.⁵

Burgess

⁵ There was no meeting of the Foreign Ministers Conference in Geneva on July 17, nor has there been found a record of a statement by Herter on that date. The reference is probably to Herter's statement on Berlin at the 21st plenary session of the Foreign Ministers Conference in Geneva on July 16.

217. Telegram From the Department of State to the Embassy in France

July 18, 1959, 2:23 p.m.

Topol 141. Poltos 132 and 133.¹ Dept fully concurs that Spaak memorandum disturbing document and wishes prompt action taken to bring to Spaak's attention our concern. Memorandum referred to Polto 132 not yet received here.² In interests prompt action, Dept transmitting comments below on major points which cause us concern. [5 lines of source text not declassified]

Following are points which cause us principal concern:

1. *Nuclear cooperation with France.* Spaak's statement that he understands US ready to offer France same treatment as UK in military

Source: Department of State, Central Files, 740.5/7-1659. Secret; Limit Distribution. Drafted by Fessenden; cleared with Cameron and Brown (WE), Miller (S/S), White (EUR), and Farley (S/AE); and approved by Murphy. Repeated to Geneva.

¹ See footnote 3, Document. 216.

² Reference is to Burgess' proposed memorandum, transmitted in Document 218.

nuclear cooperation entirely incorrect and likely give de Gaulle dangerously inaccurate ideas concerning US policy and Congressional attitudes, both of which were made very clear last year at time of hearings on amendments to Atomic Energy Act of 1954 and during just concluded hearings on supply enriched fuel to France.³ [5 lines of source text not declassified] Joint Committee Atomic Energy in its July 14 report on NATO Atomic agreements⁴ reaffirmed its strict definition substantial progress and its concern over possibility spread nuclear weapons capability.

[10-1/2 lines of source text not declassified] US of course always ready to consult on our policies and actions to maximum extent which circumstances permit, but believe unnecessary and undesirable to create new machinery for this purpose. NAC already serves as forum for consultation on crises in other parts of world.

3. *Global Planning*. [2-1/2 lines of source text not declassified] US has long favored NAC consultation on problems of other areas (and has indeed been leader in this), but we conceive that such consultation should be for purposes of: (a) keeping Alliance fully informed of problems outside NATO area (b) obtaining better mutual understanding each others' policies, and (c) harmonizing policies of individual countries with respect to such areas to maximum extent possible. Any effort to go beyond this to establishment of formal NATO machinery for developing common NATO action programs toward other areas undesirable both because of greatly varying degrees of interest of NATO countries in these areas and because of effect in other areas of common NATO programs. [6-1/2 lines of source text not declassified]

Dillon

³ Regarding the applicability of the Atomic Energy Act of 1954, as amended on July 2, 1958, to France, see Part 2, Document 39.

⁴ The Joint Committee on Atomic Energy, in transmitting its report to the Senate on July 14 (the same report was transmitted to the House of Representatives on July 15), reaffirmed its definition of "substantial progress" regarding the transfer of nonnuclear parts of atomic weapons, which it had adopted the previous year in connection with the amendment to the Atomic Energy Act of 1954 enacted on July 2, 1958 (72 Stat. 276). (U.S. Congress, Joint Committee on Atomic Energy, *Proposed Amendment to Agreement for Cooperation with the United Kingdom of Great Britain and Proposed Agreements for Cooperation with the Republic of France, Canada, Turkey, the Netherlands, the Federal Republic of Germany and Greece on the Uses of Atomic Energy for Mutual Defense Purposes*, 86th Congress, 1st session, Report No. 513, pp. 11-12)

218. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, July 20, 1959, 7 p.m.

Polto 165. Geneva for USDel. Reference: Topols 141 and 155.¹ Following is our suggestion for text of memo for delivery to Spaak re his memo (Polto 133). We have drafted it having in mind possibility it will get into French hands, as we indicated Polto 125.² Rather than quite properly critical nature of Dept's talking points (Topol 141), we think this memo would be most effective as objective statement of US position, and it is that line we have tried to take.

[1 paragraph (7 lines of source text) not declassified]

Please telegraph us key excerpts July 14 report of JCAE, and pouch us 10 copies thereof, as well as 10 further copies of report of JCAE on last amendments to Atomic Energy Act.³

Begin Verbatim Text.

A. Use of atomic weapons.

On April 23, 1954, in a private session of the Ministers of the North Atlantic Council, Secretary Dulles spoke at some length on this problem. His remarks included the following statements of policy:⁴

"In short, such weapons must now be treated as in fact having become 'conventional'. As I have said, these weapons are vital to the common defense of us all. Our main effort must be to see that our military capability is used to achieve the greatest deterrent effect. In order to achieve this, it should be our agreed policy, in case of war, to use atomic weapons as conventional weapons against the military assets of the enemy whenever and wherever it would be of advantage to do so, taking account of all relevant factors. These include non-military, as well as military, considerations.

Source: Department of State, Central Files, 740.5/7-2059. Secret; Priority; Limited Distribution. Transmitted in two sections. Repeated to Geneva.

¹ Topol 141 is printed as Document 217. Topol 155 to Paris concerns an unrelated subject; reference may be to Topol 144 to Paris, July 19, in which the Department agreed to wait for USRO comments on Spaak's memorandum to de Gaulle before presenting further U.S. views to Spaak. (Department of State, Central Files, 640.5/7-1959)

² Polto 125 from Paris concerns an unrelated subject; reference may be to Polto 155 from Paris, July 19, which noted that in drafting a memorandum for Spaak "we will need to bear in mind our thoughts will get to French in one form or another." (*Ibid.*, 740.5/7-1959)

³ See footnote 4, Document 217.

⁴ For full text of Dulles' statement, see *Foreign Relations*, 1952–1954, vol. V, pp. 509–514.

"The United States intends, of course, to consult with its allies and to cooperate with them fully to this end. That is the essence of collective security. Consultation is an important means for insuring that our military strength, in case of any aggression, shall be used to the best advantage for the common defense. By the same token, we must make sure that the methods of consultation serve that common purpose and do not themselves stand in the way of our security. Under certain contingencies, time would not permit consultation without itself endangering the very security we seek to protect. So far as feasible, we must seek understanding in advance on the measures to be taken under various circumstances. In these ways, our joint capacities will be best calculated to deter aggression against any of us and to protect us in case it should occur."

The North Atlantic Treaty creates a framework within which sovereign nations unite for the common defense. NATO is thus an alliance of sovereign nations, and is not a supra-national organization.

For this very reason, the treaty does not require unanimous consent to the taking of action in response to armed attack. Each member has its own obligations to all other members, and takes its own decision as a sovereign in light of its pledge to consider an armed attack on one as an armed attack on all and to assist, individually and in concert with the other members, the one attacked.

There is no question that, under the treaty, decision is reserved to govts. This is expressly recognized in the political directive and all other NATO doctrine.

Within this essential political framework, it is clear that only common planning and common action can provide a real defense. Modern weapons have introduced a new factor of terrible speed with which an attack can come. This requires the ability to respond with speed.

NATO must thus go as far as possible to plan for speedy collective response. In some cases, such as air defense, a prior delegation of authority may be required because of this factor of speed. Such a delegation of authority is simply a recognition of the fact that in the event of all-out attack, all of NATO will have to be fighting with all it has, and can only hope to prevail if it does so as a unit. This is the sort of "understanding in advance" which Secretary Dulles spoke of.

[1 paragraph (5-1/2 lines of source text) not declassified]

In cases where time and circumstances permit, it therefore follows that the only way in which the common interest of all members of the Alliance can be taken into account is through consultation in the North Atlantic Council. *[5 lines of source text not declassified]*

In any cases where circumstances permit of NATO consultation, the decision will depend on a judgment based on knowledge of all of the political and military factors. It is impossible, in advance of the development of an actual situation, to foretell what those political and military factors would be. It is only in light of events as they actually develop that

judgments could be made. It is not possible to develop in advance "solutions a tiroir" since the day-to-day aspects of the situation will control. Pre-planned solutions would provide only a Maginot Line procedure.

Moreover, the development of rigid procedures might be compromised and could lead to the destruction of the entire value of the deterrent, which is based upon the ability of the West to respond to Russian actions at the will of the West.

The answer lies within the doctrine of consultation with all NATO members in the North Atlantic Council if circumstances permit. If all govts are kept continually apprised of how the situation is developing, the confidence and unity of the Alliance can be maintained.

In this respect, all of the members of NATO whose forces or territory would be involved in the action proposed to be taken would have equal justification to be consulted.

[1 line of source text not declassified]

The US, for its part, is always ready to consult in NATO on our policies and actions to the maximum extent which circumstances permit. The North Atlantic Council itself has already been used as the forum for consultation on crises in other parts of the world. It is the Council itself which should remain the forum for that consultation. *[1-1/2 lines of source text not declassified]*

C. *Assistance to the French military atomic production program.*

The Congress of the United States in 1958, fully appreciating the growing Soviet strength in nuclear weapons, relaxed the previous law and permitted the transfer of info of this nature to countries which already had a "substantial" atomic capability. Even so, such agreements could be disapproved by the Congress when submitted to it.

The Congress made it perfectly clear that the purpose of this provision was to prevent additional countries, friendly or otherwise, from obtaining an independent nuclear capability. The Congress, which reflects the opinion of the American people, thus gave expression to the profound belief of the United States of the grave risks for the world which could stem from the increase in the number of nuclear powers.

US policy and congressional attitudes on this are clear and were repeated in the recently concluded hearings before the Congress on the supply of enriched fuel to France. In its July 14 report on the NATO atomic info agreements, the Joint Committee on Atomic Energy reaffirmed its strict definition of "substantial progress" and its deep concern over the possibility of the spread of nuclear weapons capability.

It will be recalled that Secretary Dulles in an exchange with Foreign Minister Pineau spoke at length on the seriousness of this risk at the Ministerial meeting at Bonn in April 1957. He pointed out that the risk

involved lay not only with the question of a "fourth" country, but with the question of still other countries that might be involved.⁵

On this very important issue, as to which there admittedly are conflicting considerations, it is the belief throughout the United States that the course chosen by Congress is wise. It is believed that this is a conviction shared by a number of peoples and govts elsewhere in the world. It is our view that this national attitude is not likely to change.

D. Global strategy.

[1 paragraph (4-1/2 lines of source text) not declassified]

[less than 1 line of source text not declassified] NATO consultation on serious situations in other areas is a matter which the US has not only supported but in which it has taken the lead. We think it important to keep the Alliance fully informed of problems outside the NATO area, to obtain a better mutual understanding of each other's policies and thinking, and to harmonize these policies to the maximum extent possible. This is of course doubly true in cases where hostilities outside the NATO area could lead to involving other NATO members. This was done last year in both the Middle East and Far East.

But insistence upon common NATO action would not only be impracticable in light of the great varying degrees of interest of the NATO countries in these areas, but would risk arousing serious hostility in the areas affected.

It is therefore considered that the continuing exchange of views within NATO, in order that all NATO members be kept fully informed of developments in the world which affect them, is the way to proceed. [3-1/2 lines of source text not declassified] which is contemplated by Article IV of the treaty.⁶

End Verbatim Text.

Burgess

⁵ Pineau's statement on atomic weapons for NATO forces at the NAC Ministerial Meeting in Bonn in May (not April) 1957 is summarized in Secto 10 from Bonn, May 3, 1957. Text of Dulles' response was transmitted in Secto 22 from Bonn, May 3, 1957. (Both Department of State, Central Files, 740.5/5-357)

⁶ In Topol 170 to Paris, July 22, the Department of State reported that Polto 165 was a generally useful and objective statement of the U.S. position and wanted Burgess to draw on it in his follow-up discussion with Spaak, but the response to Spaak should remain informal and oral. Burgess should "avoid being drawn into using Spaak as channel of communication with de Gaulle or French officials on substantive issues such as those raised in his memorandum." (*Ibid.*, 740.5/7-2059)

219. Memorandum of Conversation

Paris, August 4, 1959.

PARTICIPANTS

Pierre de Leusse, Permanent Representative of France on the North Atlantic Council
Ambassador W. Randolph Burgess

At luncheon with Pierre de Leusse, I asked him what guidance he could give us with respect to the President's forthcoming conversation with General de Gaulle, [2-1/2 lines of source text not declassified].

He said that he thought the key to the whole business was in the participation of France in decisions as to the use of atomic weapons; that if there could be a better understanding on this point everything else would fall into place.

[2 paragraphs (14 lines of source text) not declassified]

He emphasized that this was not a question of being given secrets in the manufacture of atomic weapons, that Couve de Murville had made a statement on that score, and that they understood the law and the limitations in that matter. The question related to the use of the weapons.

[8 paragraphs (1-1/2 pages of source text) not declassified]

We both agreed that this was an area of conversation which was appropriate for two soldiers to discuss.

Source: Department of State, Central Files, 740.5/8–1059. Secret. Drafted by Burgess on August 5. The meeting was held at the Cercle Interallié. Attached to the source text is a letter from Nolting to Robert N. Magill, Acting Director of the Office of European Regional Affairs, August 10, noting that the record of this conversation "is important in connection with the President's conversations with General de Gaulle" and should "get into the proper channel for consideration in briefing the President for his trip to Paris." Regarding Eisenhower's conversations with de Gaulle during his visit to Paris, see Part 2, Documents 129 ff.

220. Memorandum From the Acting Assistant Secretary of Defense for International Security Affairs (Shuff) to the President's Assistant Staff Secretary (Eisenhower)

August 14, 1959.

SUBJECT

European Country Assumption of Burdens of Troop Maintenance in NATO

Reference is made to your memorandum of 4 August 1959 addressed to Assistant Secretary of Defense Irwin, on the subject above.¹ For the sake of clarity in providing the data requested, the following will deal with: first, what we have done to induce greater European country efforts; and second, to what extent the individual countries have assumed or plan to assume such burdens.

In December 1956 the NATO countries were put on notice by Secretary of Defense Wilson that the U.S. would concentrate its military assistance efforts upon advanced weapons, requiring them to assume increasing or complete responsibility for their own recurring force maintenance and conventional matériel requirements.² Subsequent military assistance programming has emphasized this policy and some of the more significant steps taken to induce greater European country effort include: (a) termination of MAP grant matériel aid for the U.K. and Germany in FY 1956; (b) progressive cutoffs of spare parts aid; (c) vigorous measures to stimulate country participation in coordinated European development and production of advanced weapons and aircraft, using their own resources. Since the adoption of the NATO minimum essential force objectives in MC 70,³ we have strongly urged country force adjustments, as a means of generating savings to meet remaining troop maintenance costs.

The success of these programs, though gradual and unspectacular, may be outlined as follows: (1) all NATO countries except Greece and Turkey have assumed responsibility for substantial portions, and in some cases all of their spare parts requirements, previously required as grant aid; (2) Germany pays cash for all matériel and training, except limited special training sponsored in the U.S. interest, which is cost-

Source: Eisenhower Library, Staff Secretary Records, Defense Department III. Secret.

¹ Not found.

² For text of Secretary Wilson's speech to the NAC Ministerial Meeting in Paris, December 14, 1956, see *Foreign Relations*, 1955-1957, vol. IV, p. 158.

³ See Document 131.

shared; (3) the U.K. pays for all but limited U.S. training, and certain matériel costs associated with IRBM (Thor) missiles in accordance with a special U.S.–U.K. agreement;⁴ (4) Belgium and Luxembourg are now excluded from grant matériel aid except for certain advanced weapons, and a Department of Defense recommendation of the same status for France is currently under inter-departmental consideration; (5) Denmark, Italy, Netherlands, Norway and Portugal still receive decreasing amounts of matériel assistance, in both the conventional and advanced weapons categories; and (6) Greece and Turkey are the only NATO countries still requiring full grant military assistance, as well as Defense Support (Economic) assistance.

Italy and Germany are now producing the G–91 NATO lightweight fighter aircraft with their own funds; Belgium, France, Germany, Italy, and the Netherlands are purchasing and jointly financing European production of the Hawk missile;⁵ and several NATO countries are preparing to produce the Sidewinder missile. Beyond this, some encouragement may be found in the fact that Belgium recently announced an 11% increase in its 1960 defense budget, and Italy has committed itself to increase its defense budget 4% each year for the next five years.

While the foregoing gives some cause for optimism, much remains to be accomplished, particularly in Denmark, France, Italy, Norway and the United Kingdom. It is our intention within the Department of Defense to continue to press for increasing European assumption of the economic burden, including encouragement of cost-sharing of U.S. produced equipment and increasing European financed production.

Charles H. Shuff⁶

⁴ Reference presumably is to the agreement between the United States and the United Kingdom providing for the supply of IRBMs to the United Kingdom, February 22, 1958; for text, see *American Foreign Policy: Current Documents, 1958*, pp. 627–629.

⁵ For text of the NATO announcement of the establishment of a new NATO agency to supervise the coordinated production in Europe of the Hawk missile, June 18, see *ibid.*, 1959, pp. 523–524.

⁶ Printed from a copy that bears this stamped signature.

221. Memorandum of Conference With President Eisenhower

August 24, 1959.

OTHERS PRESENT

General Norstad
General Goodpaster

The President said the purpose of his meeting with Khrushchev is to bring about some lessening of tension, try to find some step toward disarmament, and bring some measure of confidence and relief to the minds of our people.¹ Progress in these discussions has been miniscule to date, with only the Austrian Treaty to our credit. Some conflicts have been resolved over the last few years around the world, but generally not through negotiation. The President thought he personally might make an appeal to Khrushchev in terms of his place in history, point out that if he wants to gain such a place through making a change to improve the international climate, the President is confident that something can be worked out. If he does not wish to make such a change, then there is not much use in talking further. The President said by such a discussion he could try to satisfy his own conscience.

The President recalled that he had initially thought the other Western nations would recommend a Western summit, and in fact they did initially. De Gaulle then opposed it, however, saying it would look like a preparation for the President to speak for all of them. As a result he is having to visit the capitals singly. In addition de Gaulle is making his visit to France a State visit, in order to build up French prestige.

General Norstad said that de Gaulle is counting a great deal on this visit. He added that Adenauer wants the United States to give some gesture of support to France. He added that Adenauer's thinking seemed to be confused on the matter of a "tripartite directorate for the free world." Initially Adenauer said he supported de Gaulle's demands. When told that there exists no established joint organization between the United States and the United Kingdom, Adenauer changed his position. The President said he is ready to tell Adenauer and de Gaulle that we are quite ready to have the same consultations with the French as we do with the British. General Norstad expressed opposition to a tripartite organization. He felt that de Gaulle would not push this too hard. Norstad said he had had a good talk with Joxe, and had stressed to Joxe that the

Source: Eisenhower Library, Whitman File, DDE Diaries. Secret. Drafted by Goodpaster on August 25.

¹ Khrushchev visited the United States September 15-27.

meeting between the President and de Gaulle should be one of discussion and not demands by de Gaulle.² He added that Joxe and others of the French hope that the President will take the opportunity to give de Gaulle a lecture on the true meaning of collective security and its application on a worldwide scale. De Gaulle apparently has no conception of the need for integration of forces. In fact, his military thinking stopped with World War II. The President said he intends to stress that we are all partners in this operation, and that no one is trying to dictate to others.

General Norstad suggested a theme that we have two aims—first to work with France, and second to do this without detracting from our relations with other countries. He said the outstanding item on de Gaulle's list is the Algerian situation. There are indications that de Gaulle is toying with the idea of making an explicit statement of his program for Algeria. He is going there on August 27th to take the pulse of the people and especially the young officers, and also to try to recondition their thinking away from "peace by force" and toward a liberal solution. General Norstad said he hoped that the State Department could find something the United States could say to support the French; however, first we must know what their policy and program are for Algeria. The President recalled that the French want to walk out of the United Nations General Assembly on the grounds that Algeria is an internal affair, but they want us to stay in the Assembly and fight their case for them. General Norstad said there is great bitterness that we are "helping France's enemies" as the French term it, by allowing the presence of Algerian representatives in the United States. He suggested the President might say that the American people have put great effort and expense into strengthening peace in the world, that they support the rule of law and accommodations through negotiation and that the United States is not supporting the use of force in Algeria.

The President recalled that Ambassador Dillon and others have stated that we would support France in anything peacefully agreed with its colonies. However, they must understand the depth of our anticolonialism. There is the question of how to "square" the actions of French troops in Algeria with these statements. It can be said that they are there to maintain peace and order, but that the final solution must be a peaceful one.

General Norstad thought that the French would lay less stress on atomic questions than had earlier seemed likely, perhaps merely expressing regret rather than making demands for such weapons. He said that he personally thought that giving NATO atomic weapons might be

² No record of this talk between Norstad and Joxe has been found.

a very good step although the French would not be keen on this, since they want them on a national basis.

General Norstad said he understood why the President is not going to NATO on this trip, since Heads of Government and Foreign Ministers would then come in and make a Roman holiday of the meeting. He said the Permanent Council would be most appreciative of a visit, however. The President said he would turn over in his mind the possibility of limiting his talk with Luns and Spaak to about thirty minutes and then going over with them to the Palais de Chaillot. He asked me to talk to Mr. Herter about this. As the President thought about it he said he liked the idea very much but there could be absolutely *no* advance notice.

The President then commented that we have stocks of soft currencies in many countries, including France, Germany, Belgium and others. He is very anxious to find ways of carrying on our overseas activities without draining our own gold reserves. He asked me to check with Treasury and Defense if they are finding every possible way to use these funds and save a drain on U.S. gold.

The President next told General Norstad that he felt there is strong reason for the United States to start pulling some of its forces out of Europe. We went there in 1951 to cover the period until the Europeans could form forces of their own. He thought the British, Germans and others are taking advantage of us. General Norstad said he hoped this could be started within the next few years, probably in connection with disarmament steps. If effective control and inspection existed we could safely contemplate pulling some forces back. We sent our divisions to Europe to help them over an emergency. Now if we talk about taking out one division they claim we are deserting them. He said we are spending too many billions all around the world without the Europeans taking a commensurate load. General Norstad thought it would be quite appropriate for the President to stress this to de Gaulle. The President said he intends to talk to Adenauer also as to why the Germans are being so slow. He does not want to wait for disarmament. He thinks some of the countries should take some responsibility. General Norstad agreed with all of this but said it will be a most difficult job to carry out. The President said we must do something along these lines, since the United States lost \$4.3 billion in gold last year.

G.
Brigadier General, USA

222. Memorandum of Conversation

US/MC/30

Paris, September 3, 1959, 9:30 a.m.

PRESIDENT'S TRIP TO EUROPE

August–September 1959

PARTICIPANTS

U.S.

The President
The Secretary
Ambassador Burgess
Mr. Merchant
Mr. Nolting, Reporting Officer
Col. Walters, Interpreter

NATO

Paul-Henri Spaak, Secretary
General of NATO
J.M.A.H. Luns, Dutch Foreign
Minister, in capacity as
President of the North Atlantic
Council

SUBJECT

President Eisenhower's meeting with Foreign Minister Luns and Monsieur Spaak

The President opened by referring to his talks with President de Gaulle, saying that the most important thing from NATO's point of view was the warm endorsement given to NATO by de Gaulle.¹ De Gaulle had said he had no intention of weakening the Alliance. The President remarked that that's good as far as it goes; but of course they would have more conversations on this subject.

Concerning Algeria, the President said the US position conveyed to de Gaulle was that we would look at the program when it is made precise by de Gaulle and see if we could support it. The President remarked that heads of other French Community governments were apparently influencing de Gaulle towards a more liberal policy in Algeria. Later on, he said that he had suggested to de Gaulle that French Community leaders could be very helpful to him in popularizing a liberal program for Algeria, inasmuch as they could view such a program from an objective point of view and some of them had certain ties with the Arabs. De Gaulle thought this suggestion an interesting one. Re the UN aspect of Algerian problem, the President said de Gaulle had stated he would

Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. Drafted by Nolting, cleared with Merchant, and approved by Herter on September 10 and by Goodpaster on September 11. The meeting was held at the U.S. Embassy Residence.

¹ Regarding Eisenhower's talks with European leaders during his trip, see Part 2, Document 129.

not allow French representatives to participate in the UN debate but he will outline his plan and program for Algeria and say what he has done there already. The President characterized this as a move in the right direction.

Touching upon conversations in Bonn, the President said there was nothing new to report, that everything went fine.

On London talks, the President said Macmillan is inclined to the position that, regardless of substantive progress or lack of it, there must be a summit meeting. The President said that Adenauer and de Gaulle agree with him that there must be some prospect of substantive achievement at a summit meeting before such a meeting should be laid on. He said that other problems discussed in the UK were mainly "local", but that of course both the UK and Germany support NATO strongly.

The President said his trips had given him an opportunity to say again that he was not intending to negotiate with Khrushchev, but that he was frankly trying to "soften him up a little". He emphasized that the exchange of visits did not indicate any new US policy.

The President said that Adenauer seemed vague on what to do next concerning German reunification and Berlin problems. The President said that he felt it necessary at some point to find ways to eliminate the need for occupation forces in Berlin, but as of now the US is going to stand firm.

Reverting to his talks with de Gaulle, the President said he personally thinks de Gaulle's program for Africa and his Community plan are good and deserve US support. De Gaulle had talked about the principles of the French Community as (a) self-government (excluding foreign affairs and defense); (b) economic and social improvement; (c) a "fixed commitment" concerning the right to independence. He had said that he would see whether the same problem could not be applied to Algeria after pacification. The President added that he was not given further details as to how de Gaulle expected to do this, and appreciated his political difficulties in spelling out his program.

Foreign Minister Luns said it was necessary to agree on what Spaak and he could tell NATO Council regarding the President's talks with others as summarized above.

Secretary Herter thought that no specifics should be given. Mr. Spaak agreed that he and Luns should be very cautious in informing the Council of what the President had told them.

Luns said that the Netherlands were worried lest the French links with North Africa should be cut as a result of failure to solve the Algerian problem and were looking for ways to help.

The President said that the US, he believes, will be in a better position in the next two or three weeks to evaluate the French program for

Algeria. He can't be sure as to how this will evolve but feels better about the problem as a result of his meetings with de Gaulle. He said that if the US sees a reasonable proposition of the French, we will support.

Luns said he does not see how, given the political situation and the position of the army in France, de Gaulle can spell out his program. The President said if de Gaulle can lay out a reasonable plan before the UNGA opens, friends of France can do much to support. That's as far as he can go as of now.

On the Khrushchev visit, Luns said the vast majority of NATO countries endorse the President's position that there must be clear signs of progress before a summit meeting should be laid on. The President said that he was frankly not optimistic about what he would get out of Khrushchev. He remarked that Khrushchev himself had said that in a war both sides would be destroyed, and that this marked a recognition of the facts which in itself was something. The President further remarked that Khrushchev was bringing most of his family with him, and he supposed that a man who was intent on making trouble would not bring his family along.

Spaak, reverting to NATO, said that the only serious problem in NATO is the French problem. The French Government has taken a very difficult attitude and has blocked many things, mostly in the military field, which the other members consider necessary. It is difficult to know what the French want. On Algeria, Spaak said that it was impossible and unreasonable to expect the US to give the French a blank check. Mr. Luns indicated his agreement. Both Mr. Luns and Mr. Spaak emphasized the importance of having the French program for Algeria set forth in specific terms. But Spaak stressed his view that it will continue to be very difficult in NATO if NATO members cannot give the French "some support" on the Algerian problem. De Gaulle is the only man who can bring off a liberal solution, but he has a difficult political situation and Spaak was not sure that he would make a clear statement of liberal policy. Spaak said that on the general question of handling relations between the East and West, NATO's attitude was good and solid. Spaak stressed, however, that a clash in the UN on Algeria will be a very bad thing for NATO.

The President said that de Gaulle had brought up the subject of the NATO command, saying that the NATO command structure was "amorphous" and not good for instilling a national patriotic spirit in the people and troops. The President had told him that he had foreseen this point of view many years before, and had said at the outset of NATO that he believed the greatest patriot was the greatest supporter of NATO; further that de Gaulle's thought if pushed to a logical conclusion would fracture all alliances. The President said de Gaulle understood but apparently did not agree. On this point the President said de Gaulle

said that "for a country such as ours" his diagnosis was correct. The President replied that "we are talking about Western Europe", implying that strictly national defense is impossible. The President said he had pointed out to de Gaulle that he was supporting European integration in economic fields; why not in the military as well?

Luns interjected that integration means to the French France's leadership. This is true in the economic field, and he believes the same would be true in the military; i.e., if the French have a great share of NATO leadership things will be okay from their point of view. Spaak said that he felt we shouldn't get into a battle of semantics between "close cooperation" and "integration". The President agreed but pointed out that it was de Gaulle who had raised the problem.

The President said the discussion of NATO led to a discussion regarding the nuclear position. He described to de Gaulle how US forces are built around nuclear power but said it was a false assumption that any fight would start a nuclear war. The President repeated that de Gaulle seemed to him vague on what he wants concerning global strategy. The President said he told de Gaulle that the only basis for keeping US divisions in Europe is NATO. The main purpose of NATO strategy is to deter war. The President said that while in his view de Gaulle hasn't thought through the problem clearly, he undoubtedly wants a bigger voice. The President said he thinks these difficulties can be ironed out. Algeria is the main problem. Spaak asked what de Gaulle means when he asks for a bigger voice. The President replied that he meant a bigger voice in the formation of global policy. He said he had told de Gaulle that we are perfectly willing to discuss, but will not "talk NATO affairs outside NATO". We would talk Africa or New Caledonia, but not NATO affairs. The President said de Gaulle first wanted an institution, an organization, to direct global strategy, but that now he seems to have abandoned this idea. The Secretary agreed that the French position on a tripartite directorate has shifted. Luns hit at a three-power directorate as unacceptable to NATO, and returned to Algeria as the main point where satisfaction might be given to the French, stressing Debré's strong view in this matter.

The Secretary gave clear warning against giving details of the Eisenhower-de Gaulle conversations to the North Atlantic Council. He added that de Gaulle's problem on Algeria was how to translate his broad principles into a program.

The President summed up by saying that he was encouraged by his talks with de Gaulle. He had thought de Gaulle would make great demands upon him, but he hasn't done so as yet.

The President then said he wanted very much to make his "bow" to the North Atlantic Council; and that he was going to assure them that there was no inner circle or coalition trying to run NATO.

It was agreed between Spaak and Luns that they should report this conversation to NAC only in general terms, leaving the impression no great or insuperable difficulties have been encountered by President Eisenhower on this trip.

223. Memorandum of Conversation

September 25, 1959, 11:30 a.m.

SUBJECT

Second-Generation IRBMs for Europe

PARTICIPANTS

Department of State

The Under Secretary

Robert Murphy, Under Secretary for Political Affairs

Livingston T. Merchant, Deputy Under Secretary for Political Affairs

G. Frederick Reinhardt, Counselor

Gerard C. Smith, Assistant Secretary for Policy Planning

Ivan B. White, Deputy Assistant Secretary for European Affairs

James Wilson, U/MSC

John W. Tuthill, EUR/RA

Robert N. Magill, EUR/RA

Raymond Courtney, S/AE

Graham Martin, U

Department of Defense

John N. Irwin, II, Assistant Secretary for ISA

Robert H. Knight, Deputy Assistant Secretary for ISA

Brig. General James F. Whisenand, Special Assistant to Chairman, JCS

Brig. General James H. Polk, ISA

Major General John A. Dabney, ISA

William M. Leffingwell, ISA

Alvin G. Waggoner, Special Assistant for Guided Missiles and Space Operations

Colonel Charles Billingslea, Deputy Director, European Region, ISA

Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. Drafted by Magill and approved by Dillon on October 1. The meeting was held in the Department of State.

Mr. Irwin cited the President's offer at the NATO Heads of Government Meeting in December 1957 to provide United States assistance for coordinated NATO development and production of IRBMs.¹ He observed that this offer represented a United States commitment and that an early decision was needed as to how we should go about implementing this commitment. Mr. Irwin set forth the range of political questions involved in this decision. Those included the question of NATO versus independent national control of the IRBMs, [4-1/2 lines of source text not declassified]. Mr. Irwin referred to the recent conversation that he and Secretary Gates had had in London with Sir Richard Powell on this subject, and said that Powell had expressed serious reservations regarding any program that might lead to an independent German IRBM force, or even to the deployment of IRBMs in Germany under NATO control.² Powell had indicated that the UK would be satisfied, on the other hand, with a dual control over IRBMs in Europe similar to that obtaining with respect to the Thors in the UK. When Mr. Irwin had suggested that the UK might help by placing their Thors under NATO, Powell had said that, while the position of the Thors was negotiable, such a move would raise questions about the status of the UK V-bomber force and that there could be no question of assigning this force to NATO. Mr. Irwin described the Germans as (a) being willing to participate in an IRBM program, but (b) reserving their position on the question of deployment in Germany. He observed that a German requirement for deployment would undoubtedly develop in due course and he thought General Norstad probably had German deployment in mind for second-generation IRBMs. Mr. Irwin said that the French quite clearly were determined to proceed independently, if not within NATO, on an IRBM program, and that they, along with the British, would be insistent on having an independent IRBM capability in addition to whatever IRBMs might be placed under SACEUR's control. [3-1/2 lines of source text not declassified]

Mr. Irwin then pointed out that, leaving aside the political questions, there were three concrete approaches available to us. The first was the Meili plan, which called for U.S. technical assistance for a long-term, indigenous European development and production program, under which the first increment of IRBMs (estimated by Meili but not confirmed by Norstad at approximately 100) would be assigned to NATO, with production over and above that figure for independent national requirements. Such a program would probably take from 8 to 10 years.

¹ For text of the U.S. proposal on IRBMs at the 1957 NAC Heads of Government Meeting, December 16, 1957, see Department of State *Bulletin*, January 6, 1958, p. 9.

² No record of this conversation between Irwin and Powell, which probably took place during the President's visit to the United Kingdom, has been found.

Mr. Waggoner said that if such a program were not based on an existing U.S. missile design, the development cost to the Europeans would range between \$500,000,000 and \$1,000,000,000, depending on the extent to which they undertook to develop a new type of missile and on the extent of U.S. technical assistance. The second approach would be to sell or grant Polaris missiles solely for the purpose of meeting SACEUR's 1963 requirements, with the Europeans to produce the ground support equipment. General Norstad favors such an approach. He has also indicated that he would not support a long-term European production program geared to the French range requirements of 2,500 to 3,000 nautical miles, *[less than 1 line of source text not declassified]*. The third approach would be a variation on the first two. Mr. Irwin indicated that this might be accomplished along the lines of a proposal which he has been informed will be made shortly by the NATO International Staff. This proposal reportedly will provide for meeting SACEUR's requirements through U.S. provision of 30 to 50 Polaris missiles and technical assistance, with the balance of requirements, both NATO and national, to be met from European production.

Mr. Waggoner estimated that \$100 million would cover the cost of U.S. technical assistance and 30 to 40 missiles, while the cost to the Europeans for achieving an initial operational capability would be on the order of \$400-\$500 million (exclusive of production costs). He indicated that such a program could meet SACEUR's requirements in the time frame from 1963 to 1965. In response to Mr. Dillon's questions, Mr. Waggoner said that this assumed European production of Polaris without significant modification. He said any significant modification of Polaris would involve time slippage and increased cost to the Europeans. U.S. provision of full technical assistance, special tooling and a few sample missiles for a European Polaris production program (without providing any missiles for deployment), would cost about \$50,000,000 and the program could be completed by 1966 or 1967. If we did not provide some portion of the Polaris missiles for deployment, the Europeans might be expected to modify the design somewhat rather than to produce a "Chinese copy" of Polaris. Mr. Waggoner indicated that the scope of U.S. technical assistance could be varied considerably and that the cost to the Europeans would depend on the scope of this assistance. He emphasized that the estimates he had cited were "in the ball park".

Mr. Dillon asked how the question of country deployment would be handled, and Mr. Irwin said that he thought this should be worked out by SACEUR on the basis of a prior general commitment by the participating countries to accept deployment. Mr. Dillon observed that he thought this was a question that might have to be worked out carefully in advance, with reference also to non-participating countries in which deployment might be desirable. He also asked whether any considera-

tion had been given, in consultation with General Norstad, to the impact that the various approaches might have on the meeting of MC 70 requirements.³ Mr. Irwin observed that either a long-term, indigenous European program or a Polaris program should undoubtedly involve some diversion of resources and consequent cut-backs in the achievement of MC 70. He added that he thought General Norstad would be willing to accept some delays in achieving MC 70 goals if the IRBM program were developed to meet his time-phased requirements.

[5 lines of source text not declassified] Mr. Dillon observed that our decision should take into account the prospects for reaching a disarmament agreement and the question of whether the building of independent strategic nuclear forces prejudice the possibility, or the implementation, of such an agreement. [8-1/2 lines of source text not declassified]

Mr. Smith asked what consideration had been given to hard sites versus mobility in deployment of the IRBMs, and was informed that any early deployment would probably have to be with hard sites. Mobility would be more expensive and could only be developed for later deployment; the cost and time scale of mobile deployment would depend on whether it involved railroads, or barges, or was designed for general cross-country mobility.

Mr. Dillon asked what position Defense would like to have the Department take, and Mr. Irwin said that he would like State approval of an offer of U.S. technical assistance for the NATO program. He said that such an offer would honor our commitment and would enable progress to be made in practical arrangements. Mr. Dillon asked what the timing should be and what procedure would be used in making the offer. Mr. Irwin thought the offer should be made as soon as possible and through NATO Assistant Secretary General Fiske⁴ to the Working Group.⁵ Mr. Dillon suggested that there were a number of political conditions that would have to be attached to the offer. [6 lines of source text not declassified] Mr. Irwin observed that implementation of our technical assistance could be used as an effective lever in the development of acceptable political arrangements, and Mr. Dillon added that the extent of our political leverage would depend on the magnitude of our aid. Mr. Merchant asked whether a failure by the U.S. to provide technical assistance would be regarded by the Europeans as defaulting on our December

³ Regarding MC-70, see Document 131.

⁴ Robert B. Fiske succeeded Meili as Assistant Secretary General for Production and Logistics, International Staff/Secretariat, NATO, in June.

⁵ Documentation on the NATO Working Group on IRBMs, which was created in late January, is in Department of State, Central Files 740.56, 740.5611, and 740.5612.

1957 offer. Mr. Irwin said he thought the French in particular would consider this to be a major policy reversal.

Mr. Dillon concluded the discussion by saying that the Department would make every effort to reach an early decision, but that he thought whatever agreed State-Defense position was worked out should probably be reviewed by the President.

Mr. Irwin said that meanwhile Defense would undertake to draft a telegram indicating their views on what the instructions to USRO should be.⁶

⁶Not found.

224. Memorandum of Conversation

October 24, 1959.

PARTICIPANTS

The Secretary of State
Secretary of the Treasury Anderson
Secretary of Defense McElory
Deputy Secretary of Defense Gates
Mr. John Irwin II, Defense
Mr. Reinhardt, State

The Secretary began by stating that the President was worried about the financial implications of our foreign commitments and was impatient with the lack of any movement toward resolving European problems.¹ The Secretary felt that a Western Summit meeting which

Source: Department of State, Central Files, 711.5/10–2459. Top Secret. Drafted by Reinhardt.

¹According to a memorandum of conference on October 16, drafted by Goodpaster on October 22, among the President, Herter, Reinhardt, Merchant, and Kohler, Eisenhower noted that "he would have no objection to new measures in Berlin and Germany. He commented that, for example, it is time to pull out some of our forces now located in Europe. He cited the balance of payments difficulty the United States is experiencing at the present time. He thought we should get tough with Britain, Germany and France to get them to take up more of the load. Mr. Herter said there is some indication of British thinking of shifting from emphasis upon missiles and aircraft back toward conventional forces, although he doubted that they would increase their forces on the continent of Europe. The President suggested for example making the Europeans furnish the Commander for the European NATO Command, and simply leaving one of our divisions there. He commented that the United States, after all, paid for most of the air bases and other infrastructure, and has paid the whole cost of atomic weapons. He thought we should put no more military assistance into Europe. They are now able to support themselves." (Eisenhower Library, Whitman File, DDE Diaries)

might come off would be the best place initially to raise these questions and, in fact, if any changes were to be made, the ground should be prepared before the December NATO meeting. The Secretary hoped that if something has to be done in terms of reducing our forces abroad, we could make a virtue of necessity and do it in such a manner that it would not appear to be sign of weakness.

Mr. Gates referred to the proposal to withdraw 14 air squadrons from NATO² and commented that as far as the balance of payment issue was concerned the greatest contribution that Defense could make to the problem was in the pay of manpower and dependents abroad. Mention was made of the original understanding regarding the stationing of U.S. forces in Europe and the Secretary observed that the President and General Norstad had different concepts as to present requirements. The President did not believe that limited war was possible in Europe and thought that the NATO shield could be symbolic and did not require the present five plus divisions. Norstad, on the other hand, had reacted violently to the suggestion of any reduction.³

The Secretary referred to the possibility of getting the Germans to pay something for the support of U.S. forces there. This would be preferable to an increase in planned German strength which most European countries would not want.

Mr. Irwin said that irrespective of budgetary and balance of payment problems there was a grave situation developing with respect to NATO. We had no missile defense and the growing Soviet capability meant that all fixed installations could eventually be taken out by surprise missile attack. This in effect meant that you had no offense. [9 lines of source text not declassified]

The Secretary noted that the U.K. was worried about what they called the five-year gap and that Admiral Mountbatten⁴ had expressed the personal view that Polaris was the answer to the problem.

Mr. Gates said that Defense thinking is toward larger expenditures for hardening Atlas and Titan sites and to pushing Minute Man which, however, would not be ready until 1963. It was also proposed to offset this in part by some weakening of continental defense.

² In a letter to Herter, October 8, Acting Secretary of Defense Gates indicated that in the proposed fiscal year 1961 Air Force budget "it may be necessary to approve some, if not all, of the proposed squadron reductions. Accordingly, we have advised General Norstad of the possibility of shortfalls and have requested his views on their impact on NATO as well as his recommendations on how we can best mitigate the international political ramifications involved in any such force reductions in Europe." (Department of State, Central Files, 375/10-859)

³ No record of Norstad's reaction has been found.

⁴ Admiral Louis Mountbatten, British Chief of the Defense Staff and Chairman, Chiefs of Staff Committee.

Mr. Gates said that present plans were to go ahead with the development of the B-70 which was a Mach 3 aircraft. The other services did not agree, but this plan had side implications that were important in terms of transport and non-military aviation development. The B-58 was not in the Air Force budget. Two and one half billions had been spent on this project and did not yet have an airplane. He noted that this project was practically the total business activity of Fort Worth. There were no fighters in the Air Force budget but there were some in the Navy. Mr. Gates said that we soon would be in a position which would result in the Army, Navy and Marine Corps having limited war capability and the Air Force being wholly occupied with the strategic deterrent. Mr. Anderson questioned the virtue of diverting so many resources to the B-70 if in five years hence any war would be fought solely with missiles. Mr. McElroy had joined the meeting by this point and replied by stressing the necessity of having more than one string to the bow if the deterrent was to be effective. A multiplicity of offensive systems complicated the enemy's defensive requirements.

Mr. McElroy commented that as long as the U.S. was committed to the principle that any war with the Soviet Union was general war, the need for NATO defenses diminished. He thought there was a need to modify the shield and sword concept.

The Secretary inquired from what point of view Defense had studied Norstad's plan for regional inspection.⁵ Mr. Irwin said that the last time he had talked with him the General was against any disengagement but was for an inspection system. Mr. Gates said that German Defense Minister Strauss had recently spoken very strongly against anything that would neutralize all or part of Germany and Adenauer had much the same view. The Secretary observed that Germany was the subject of immobilism and wanted nothing but to maintain the status quo. He said the President was annoyed at the absence of flexibility on the part of both France and Germany who simply wanted to sit tight. Mr. Irwin reported that General Schuyler, after his recent visit to the U.K., had said that the British were definitely going to withdraw 10,000 men from the Continent and that de Gaulle had told Schuyler that France would not change its position on NATO issues pending some more global arrangements.⁶

The Secretary said that the only quid pro quo he could see in connection with a force reduction was a similar reduction on the Soviet side, coupled with a zone of inspection agreement, but considering the size of the Soviet forces in Germany, this would not appear very significant.

⁵ See vol. IX, Document 132.

⁶ No record of General Schuyler's discussions in the United Kingdom or with de Gaulle has been found.

Mr. McElroy thought we should have enough ground troops in Europe up close to make it clear that in the event of any Russian action we would be committed. Additionally, we were committed to supply the deterrent in a missile era in which it was difficult to keep the deterrent up close unless it was mobile. The increasing accuracy of missilery would make questionable within five years any fixed installation. [3-1/2 lines of source text not declassified] He suggested the possible usefulness of Mace as a mobile weapon for NATO countries.

In reply to the Secretary's question regarding what flexibility there might be in the budgetary aspect of this discussion, Mr. McElroy said that the budgetary aspect was only part of the question and he could not say that there was not sufficient flexibility and time to permit the Secretary of State to take whatever preparatory actions he might find necessary. The budget would probably be about the same as now though some 28 million might be taken out of the Air Force. The basic problem was that there was more military manpower than could be equipped with modern weapons under the present budget. The balance of payment aspect was tougher and this of course was a subject for Mr. Anderson to talk to. The Army said it could not reduce under present overseas requirements and wanted to pull the battalion out of Iceland. Everyone agreed that it was not possible to reduce in Korea and this left only Europe where a substantial reduction might be made. Mr. McElroy thought that our limited war weakness lay in the size of the strategic reserve in the United States. It would be better if two or three more divisions were here. It was urgent to change our deployments in Europe, but this should not be done in an atmosphere which allowed no time to take necessary preparatory action. The Secretary observed that this pointed up the need for the President to be ready to talk to de Gaulle and Adenauer on this subject.

Balance of Payments and Budget.

Mr. Anderson started by saying that the foreign financiers, who were recently in Washington, went away rather pleased with the situation.⁷ This was because our budget appeared to be balanced, there was no change in the money managers, the economy was good and the steel strike at that time seemed likely to be settled. The biggest problem of course was that the Treasury owed so much money and the recently oversubscribed loan had made a good impression on the visitors. In short, the financiers seemed to have more confidence than a year ago.

⁷ Reference is probably to the Boards of Governors of the International Bank for Reconstruction and Development, International Monetary Fund, and the International Finance Corporation, all of which held their annual meetings in Washington September 28–October 2.

Mr. Anderson said our commercial balances had been less adverse recently than in the first six months of the year, but there were so many intangible and invisible items that the subsequent gain was canceled out. He noted that there had recently been a heavy exchange of U.S. and foreign securities, the significance of which had not yet been possible to evaluate. In any event, there would be between 4 and 4-1/2 billion dollars adverse balance of payment this year. In strict confidence Mr. Anderson said that the U.K. was going to repay its Export-Import Bank Loan but that this fact was being held in complete secrecy until the U.K. was ready to make it known.

Mr. Anderson continued that what worried him was not just the balance of payments but the possible sequence of events. In the past the U.S. had always had some cushion to fall back on if called. He did not think that any one development alone could destroy confidence but a sequence of events could. As an illustrative example: (1) The budget would probably wind up in deficit this year which would lead public opinion to say the government had not achieved its aim. (2) Only the price of food had saved the economy from a rising cost of living. Should there be a few more floods or a heavy freeze, the result could well be an appreciable rise in the cost of living. (3) The probable increase in the price of steel as the result of strike. (4) A 4 to 4-1/2 billion dollar adverse balance of trade. It was Mr. Anderson's view that somewhere along the line in such a sequence of events, confidence could slip. He recounted that Mr. Pinay had suggested the U.S. could find a system whereby in the case of devaluation it would guarantee the profit to dollar holders abroad, and Pinay had also suggested that the U.S. should transfer its funds from Fort Knox into the International Monetary Fund. This was an interesting demonstration of the direction in which European thinking was moving. In this connection, Mr. Anderson referred to the different ways in which European countries traditionally held their reserves. He thought that any change in this pattern would impair confidence.

Mr. Anderson thought we could live with some adverse balance of payments but that we must reverse the present trend. The logical way out was of course to increase exports but this took considerable time; the removal of U.K. and French restrictions would also be to the good but that too would take time. December would probably be the fateful month since it would be necessary to announce the budgetary deficit before the end of the calendar year and one could expect that this would be followed by a renewed debate on the Hill on the subject of debt management. As a matter of interest, Mr. Anderson noted that the Canadian cabinet had recently reached the conclusion that the U.S. could no longer afford PL-480.⁸ Actually this was not a large item in our adverse

⁸ The Agricultural Trade Development and Assistance Act of 1954, enacted July 10, 1954, provided for the disposal of U.S. agricultural surpluses abroad. (68 Stat. 454)

balance. There was discussion of the changed attitude of U.S. exporters who, as a result of rising labor costs, instead of concentrating on developing specific items for export to specific areas, were now looking for global markets and tending to build plants outside the U.S. Mr. Anderson quoted the London *Economist* as having editorialized that it was more important to have some dollars of constant value than more dollars of inconstant value. Mr. Anderson expressed the view that if a decision could be reached to reduce forces in Europe and bring dependents home, this would make a great difference in the balance of payments. At this point, the Secretary inquired whether figures were available on what precisely this would mean. Mr. McElroy said that no precise figures were available but that he had asked Mr. McNeil⁹ to get up such figures and would propose to have ready by Monday¹⁰ for Messrs. Herter and Anderson an estimate of the benefit which should accrue from the return from Europe of two divisions and a comparable reduction in air forces. There was some discussion of the relative importance in this context of support troops and dependents in Europe and the question was raised whether more local employees could be used for logistical support. Mr. McElroy admitted that efforts to date to cut back on Army surplus activities in Europe had not been fully successful.

Mr. Gates pointed out the great problem for the Secretary that a leak on this subject would bring. Mr. Irwin stressed the importance of a military reassessment of the strategical effect on NATO of such a move. He pointed out that irrespective of budgetary and balance of payment requirements, there was in fact need for a review of MC-70 and such a review could be used for a rationale for any changes decided upon. Mr. McElroy said that one should speak to the President before asking the Joint Chiefs of Staff for such a study. Mr. Irwin said that by moving air strength out of Europe, we would limit U.S. capability for responses to problems in the Middle East, and in the Far East would reduce flexibility to meet local situations there. He thought there was a suggestion of schizophrenia in at one and the same time moving in the direction of nuclear test suspension and pursuing a trend toward increased development and dependence on nuclear weapons as a result of budgetary and balance of payment pressures.

There was some discussion of our growing dependence on nuclear weapons in limited war situations during which Mr. McElroy expressed his belief that the use of tactical nuclear weapons would not necessarily start a general nuclear war.

⁹ W. J. McNeil, Assistant Secretary of Defense (Comptroller).

¹⁰ October 26.

Mr. McElroy said that his Department was taking the line that a decision to reduce overseas deployments must be taken even if the implementation of such decision had to be postponed. Mr. Anderson said he would like to see a decision taken that overseas deployments would be reduced, that timing should be the function of various requirements, but that action would be taken as soon as possible. Mr. Anderson agreed with the Secretary's suggestion that he, Mr. Anderson, did not want balance of payments given as a reason for any such decision but rather that there be a review of our military posture with conclusions that were militarily desirable. Mr. Gates said he did not see how we could balance our budget unless we completely revolutionized our military strategy. Mr. Anderson observed that this would require higher taxes to which Mr. Gates retorted that perhaps that would be the courageous thing to do. The Secretary commented that unless it were possible to obtain the agreement of General Norstad and other military people to a revision of NATO strategy, it would blow NATO higher than a kite.

225. Memorandum From the Assistant Secretary of State for Policy Planning (Smith) to Secretary of State Herter

October 29, 1959.

SUBJECT

Force Cuts Discussion with DOD on October 24, 1959

I have read the memorandum of the conversation which you had on October 24 with Secretaries Anderson, McElroy and Gates about the possibility of force cuts abroad.¹

Having given a good deal of attention for some years to the subject matter of that conversation, I thought that a few observations might be of some use.

I gather that the real argument for force withdrawals is based on economic pressures and that the military arguments given are more or less rationalizations. If economic factors require us to weaken American

Source: Department of State, Central Files, 711.5/10-2959. Top Secret. Initialed by Smith.

¹ Document 224.

military influence abroad, I think it is most important that we not fool ourselves by rationalizing such retraction as being warranted by the military situation.

Secretary McElroy is reported as having commented “. . . that as long as the US was committed to the principle that any war with the Soviet Union was general war, the need for NATO defenses diminished.”²

You are aware that the principle relied on by Secretary McElroy has in the past several years come under increasingly heavy fire. Almost two years ago Foster Dulles on a number of occasions told the Secretary of Defense and the President that he believed this principle was obsolescent and that we should be developing a new strategic concept and military posture to implement it.

The drift of Secretary McElroy's thinking seems to be that it is in the US security interest to more and more depend on the total war nuclear deterrent. For example, Secretary McElroy is reported as saying that “there is a need to modify the shield and sword concept.”

This can only mean that he favors a modification in the direction of the “trip-wire” concept which requires fewer conventional forces and places a heavier deterrent burden on the general war strategic bombing capability. The NATO military authorities believe just the opposite. They are pressing for a build up of the shield forces.

This problem is directly related to your efforts during the past year to reduce America's dependence on the total war threat and to restore some balance in our military establishment. As a result of your efforts, a small advance in this direction was made in Basic National Security policy this year.³ I believe that any move which will increase our dependence on the strategic bombing deterrent would be contrary to the new emphasis on maintaining balanced forces which the President approved only a few months ago.

I am struck by the likely effect of the force cuts on our limited war capability. Irwin touched on a very sore point indeed in stating “by moving air strength out of Europe, we would limit US capability for responses to problems in the Middle East, and in the Far East would reduce flexibility to meet local situations there.” Such limitation is completely at odds with the policy which you have urged many times of beefing up our capability to meet limited situations.⁴

² Ellipsis in the source text.

³ Reference is to NSC 5906/1, “Basic National Security Policy,” approved by the President on August 5; it is scheduled for publication in volume III.

⁴ In the margin next to this paragraph is the notation in what appears to be Secretary Herter's handwriting: “With this I concur.”

I think there is a good deal of sense in Irwin's point that there is a degree of "schizophrenia in at one and the same time moving in the direction of nuclear test suspension and pursuing a trend toward increased development and dependence on nuclear weapons as a result of budgetary and balance of payment pressures."

The statement on page 7 of the report referring to "our growing dependence on nuclear weapons in limited war situations" seems to fly in the face of the recent Presidential decision calling for greater "balance" in our military establishment.⁵

There is no comfort in Secretary McElroy's stated belief that in a limited war situation the "use of tactical nuclear weapons would not necessarily start a general nuclear war." If there is even a 50–50 chance that their use would start a general nuclear war, I would think that they would be completely ruled out as limited war weapons by the dictates of common sense.

I share Tom Gates' expressed feeling that perhaps the courageous thing to do would be to raise taxes rather than permit budget considerations to reduce our military power.

There seems to me to be no greater problem facing this Government than whether or not to warp our military doctrine and stunt our military establishment to meet temporary economic pressures. We face the alternative of whether to run an *uncertain* risk of some loss of confidence in the dollar or the *certain* risk of loss of confidence in America's determination to make common cause with its allies and maintain a rational and credible deterrent to communist aggression. If this happens, the standing of the American dollar and a great deal more besides will inevitably be prejudiced.

I hope that you will urge this line vigorously upon the President. It seems especially important that American military influence abroad not be reduced at this time of pre-Berlin negotiation and post-Khrushchev visit.

⁵ Reference is to the President's approval on August 5 of NSC 5906/1. In the margin of this paragraph is the notation in what appears to be Herter's handwriting: "I agree."

226. Memorandum of Conference With President Eisenhower

November 4, 1959.

OTHERS PRESENT

General Norstad
General Goodpaster

General Norstad said that after the President's meeting with General de Gaulle there was an immediate reaction in the French Government—a noticeably warmer attitude and a stronger desire to tackle knotty problems. He saw this in Joxe, Debre, Couve de Murville and the Defense Minister. While the atmosphere was good, no progress was made on solutions. De Gaulle has not changed a bit in his judgment, and is still a pressure operator. General Norstad said that because de Gaulle is not a team player, he would suggest that the President play very heavily on the NATO Council, not catering to de Gaulle but getting others with us and leaning over backwards to keep the other thirteen nations on our side.

General Norstad reported Mr. Spaak's suggestion to defer the NATO meeting, and have Couve de Murville or Herter report to the NATO Council after the Western Summit.¹ The President said he opposed any idea of a NATO Heads of Government Meeting. He commented that de Gaulle had agreed not to call for a change in command arrangements in NATO for the present. To his question, I replied that de Gaulle had based this on the fact that France does not have the forces that would warrant such changes at the moment. General Norstad said there had been a very heated North Atlantic Council Meeting regarding the Western Summit Meeting in Paris, with other countries challenging the tendency of the four powers, and particularly France, to prejudge issues of interest to all.² They are fearful that de Gaulle is getting his way and denying them a consultative role.

With regard to the suspension of nuclear testing, General Norstad said he had talked in the United Kingdom with Admiral Mountbatten who had indicated that the position of the British Chiefs is not the same as that Macmillan has held up to this time. The British Chiefs favor a

Source: Eisenhower Library, Whitman File, DDE Diaries. Secret. Drafted by Goodpaster on November 6.

¹ Text of Spaak's suggestion, which was circulated to the NATO Permanent Representatives on October 31, was transmitted in Polto 757 from Paris, October 31. (Department of State, Central Files, 396.1-PA/10-3159)

² Reference is to the October 28 NAC meeting, summarized in Polto 723, October 28. (*Ibid.*, 740.00/10-2859)

suspension of testing in the atmosphere or wherever testing can be detected, without a suspension elsewhere, but with a continuation of work in the latter area. He said he thought their position is very close to our own.

General Norstad next turned to the subject of a possible reduction of U.S. forces in NATO. He said this had been badly handled. A month ago he had been told that our Government within a week would announce a reduction of fourteen squadrons. He protested violently because there had been no chance to prepare the ground for this announcement. He said that, right at this moment, two European countries are increasing their defense budgets, and two are studying ways to increase their budgets. If we decrease our forces, following the Khrushchev visit, this action will be taken as a deal with the Soviets, removing the need for security and the Europeans will cut back. His thinking has been to wait for a change in the situation and to reduce after this.

The President said that for five years he has been urging the State Department to put the facts of life before the Europeans concerning reduction of our forces. Considering the European resources, and improvements in their economies, there is no reason that they cannot take on these burdens. Our forces were put there on a stop-gap emergency basis. The Europeans now attempt to consider this deployment as a permanent and definite commitment. We are carrying practically the whole weight of the strategic deterrent force, also conducting space activities, and atomic programs. We paid for most of the infrastructure, and maintain large air and naval forces as well as six divisions. He thinks the Europeans are close to "making a sucker out of Uncle Sam"; so long as they could prove a need for emergency help, that was one thing. But that time has passed.

General Norstad said he thinks there is a way out of this. The British are increasing their defense forces a little this year, although perhaps not on the continent. The real way out is in another field—through establishing inspection and control and then cutting the forces on both sides of the Iron Curtain.

The President said he does not think we can wait on this. Every time some emergency comes up, the Europeans ask what the United States is going to do. He said he agreed with de Gaulle that some action is necessary to bring up the sense of responsibility and the morale of the Europeans in behalf of their own defense. He said he had heard from Mr. McElroy what would have to be done to stay within a level budget and the actions are severe. He said it would take every ounce of strength he had to keep the NOA below \$82 billion for FY-61. Our gold is flowing out and we must not weaken our basic economic strength. He thought

our military people must look three to four years ahead and adjust accordingly.

General Norstad said he had asked the Secretary of Defense how much would be saved if we made a substantial cut in our forces in Europe. Mr. McElroy said the figure would be in the order of \$200–300 million. If these cuts are made, the European countries will not ask the United States to carry their load. They will say the United States does not think it is necessary to keep up our defense strength, and will cut themselves. The President said he had had a difference with Mr. Dulles over this point. Mr. Dulles said the European morale would never become high enough to permit us to withdraw our forces.

General Norstad said that the UK and Germans are off military assistance. France can go off as soon as we have met our firm commitments. Some small countries can also go off. In addition, we can move away from giving dollars to others, and spend the money at home. OSP can be practically terminated. He thought we could begin to tell our allies that as far as our forces are concerned it is increasingly difficult to maintain them there. The United States people are insistently demanding their return. He said, however, it would kill the strength of NATO if we were to go to conferences having made such cuts.

The President said he saw no reason why Germany should be limited to twelve divisions. Their dollar balances are rising. If they were to give us \$250 million a year to meet the local costs of our troops he might take a different view. General Norstad said the United States should not have to pay 42% of infrastructure. Also, he thought that France may prove to be part of the salvation of the problem. De Gaulle has made statements that NATO is important to France and that he thinks France should not be the smallest contributor.

The President said that when the NATO nations enlarge their defense forces deployed in their home countries they suffer only a budgetary problem. For us the problem is one that is both budgetary and involves the flow of our gold. He said he would like to see the Europeans make a voluntary move to recognize that the U.S. is carrying too much of the burden. General Norstad said that some one of the Europeans might come out with a statement along these lines.

The President commented that General de Gaulle stressed that he has 600,000 troops in Algeria. The President has a concern that de Gaulle will make concessions to the Soviets in order to get them to support France on Algeria. De Gaulle thinks the Soviets are not going to attack, and that he can safely rely on U.S. power, whatever concessions he makes.

The President agreed however that we cannot take ruthless actions simply for financial reasons. General Norstad reiterated that we should

try to install an inspection scheme and then cut our forces. The President agreed that this would provide a good basis. He thought the Western Europeans should come forward and say that they would take over certain responsibilities and let the U.S. cut back. He said it is vital that they develop a greater sense of responsibility.

General Norstad suggested efforts to get the Europeans to increase their defense budgets. He said this would help a great deal with our Congress. The President said it is not merely a matter of Congress which does not show enough concern over our economic situation. The problem is one of keeping ourselves sound. This he said is his major effort. Other than himself, he thought no one else is taking the problem seriously enough.

General Norstad said that Generals Lemnitzer and White,³ while feeling that we are cutting the heart out of important projects, are trying to carry out the President's budgetary desires. The President commented that for the first time the Chiefs seem to be giving attention to the threat to our economy. He then commented that the steel strike has now run 109 days, with great loss of production, income, profits and taxes. If the Supreme Court were to declare the Taft–Hartley procedures⁴ unconstitutional, he said he would think of applying for Mexican citizenship. He did not think a special session to pass new legislation would be what is needed, but rather action to put through a constitutional amendment, probably amounting to a shift from a Jeffersonian to a Hamiltonian type of government.

In concluding their discussion, General Norstad suggested that the President, while in Paris, make a gesture to the North Atlantic Council as he did on his last visit by going to the Palais de Chaillot.⁵ He said he might do this for ten minutes or so. He stressed that there must be no advance announcement of it at all.

G.

Brigadier General, USA

³ General Thomas D. White, Chief of Staff of the U.S. Air Force.

⁴ The 1947 Taft–Hartley Act (Labor Management Relations Act); 61 Stat. 136.

⁵ On September 3, during his visit to Paris, President Eisenhower attended the NAC meeting. His short statement to the NAC is printed in Department of State *Bulletin*, September 21, 1959, p. 412. A summary of the meeting, including statements by Spaak and Luns, was transmitted in Polto 359 from Paris, September 3. (Department of State, Central Files, 711.11–EI/9–359)

227. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, November 10, 1959, 7 p.m.

Polto 833. For Ambassador Burgess. Following is letter to Secretary from Spaak, handed to us today:

Verbatim Text.

Dear Mr. Herter: I shall see you in Washington next week. As I have many things to tell you, I wish to set forth to you in writing certain of the problems that I should like to take up with you, in order that you may have an opportunity to think about them.

I. Coordination between the NATO meeting and the Conference of the Four.

I have received your letter¹ and have found your arguments pertinent. I shall therefore propose to the Council that no changes be made in the dates originally fixed, with the understanding that the Ministers of Foreign Affairs will agree to make a report to the Permanent Council on the result of the Four-Party talks.

This appears to me to be essential. I am convinced that that report will not give rise to any difficult discussion, but that, on the contrary, the unity of NATO will be strengthened by this series of meetings.

I can foresee serious difficulties if this report were not given, or even if it were postponed.² A feeling of uneasiness prevails among the allies other than the big powers. They believe they are not consulted sufficiently. They would be keenly disappointed if advantage were not taken of the facilities afforded by their presence in Paris to inform them fully.

If the procedure I advocate were not followed, the conviction that a political directorate is in process of being formed would take shape, and such a belief would, in my opinion, be the beginning of a serious crisis within the (North) Atlantic Organization.

Source: Department of State, Central Files, 740.5/11-1059. Secret; Limit Distribution; Official Translation. Transmitted in two sections.

¹ Herter's November 5 letter to Spaak conveyed the Secretary's concern about the difficulties in arranging the schedule for the NATO Ministerial Meeting in relation to the December 19 meeting of the Heads of Government. (Topol 819 to Paris, November 5; *ibid.*, 396.1-PA/11-559)

² Apparently the sentence ends here, although there is no punctuation at this point in the French text. (Translator's note.) [Footnote in the source text.]

And so it is actually a decision of principle that must be taken. In view of the oft-repeated affirmations by United States leaders on the importance of NATO, I am certain that the possible error I have pointed out will not be committed.

It appears from my trip to London and Bonn that Mr. Selwyn Lloyd and Mr. Von Brentano are prepared to attend a meeting of the Permanent Council after the conclusion of the meeting of the Four.³

II. Political consultations within NATO.

Whereas in 1958 and the first months of 1959, the situation with respect to political consultation was constantly improving, it is evident that there has been a serious set-back during the past few months. Several important decisions have been adopted without any actual discussion in the Permanent Council. This is the cause of the uneasiness and irritation I have pointed out. There must be serious effort to correct this situation. I consider that a good position concerning the two December meetings would constitute a good beginning, but I think more must be done. In my opinion, discussion about certain problems concerning territories not covered by the Washington Treaty⁴ should be systematized. I am thinking of Africa and the Middle East in particular.

It is no longer possible to isolate European problems from those arising elsewhere. NATO must be adapted to the new forms of the Communist threat.

For several countries their interests in Africa or the Middle East are of vital importance. These countries tend to neglect NATO to the extent that the Organization proves to be incapable of giving them the aid they expect.

It must be admitted also that there is some basis for the argument that calls for establishing strategy on a world-wide basis. This need could be at least partially satisfied, if, within committees, limited in number, created in the organization, the political, economic, and military (problems?)⁵ of Africa and the Middle East could be thoroughly discussed in order to coordinate the individual positions.

Naturally, the general principles of consultation as recommended by the "three wise men" would continue to govern.⁶

³ Spaak visited the United Kingdom and Ireland November 2–5 and Bonn November 6. Spaak refers here to a proposed report by the Foreign Ministers of the United States, United Kingdom, France, and Germany to the NAC immediately following the Heads of Government meeting in Paris scheduled for mid-December.

⁴ I.e., the North Atlantic Treaty.

⁵ Translator's note: One or more words are missing from the French text at this point. [Footnote in the source text.]

⁶ See footnote 4, Document 139.

This seems to me to be a point of capital importance for the future.

III. Economic problems.

In my opinion, if the present discernible evolution of international policy continues, economic problems will take precedence.

It is primarily in the economic sphere that the Communist challenge will have to be accepted. Mr. Khrushchev leaves us no doubt regarding this.

I make no secret of the fact that although I am sincerely happy to see the danger of war fade, I am nevertheless disturbed to note that the West is not at all prepared for its new tasks.

It seems to me that the time is at hand when the United States ought to take a strong initiative in this regard.

The United States saved the free world with the Marshall Plan and NATO. Twice it has found the exact answer to the Communist menace as this presented itself.

The miracle must be repeated a third time.

The economic problems are many and they are interrelated: Relations between the Six and the Seven; economic and commercial relations between the United States and Europe; American aid; coordinated policy with respect to certain underdeveloped countries.

All this is a subject in which I confess I am far from being an expert, but I feel that it is in this sphere that action must be taken, and taken quickly and spectacularly. As the danger of war becomes apparently less imminent, it will be necessary, in order to maintain cohesion among the free nations, to give them new objectives in addition to those of their common defense.

The authors of the Treaty of Washington understood this perfectly. This explains Article 2 of the Treaty.⁷ Now that the possibility that was foreseen is materializing, a joint course of action must be mapped out.

Only the United States can take such an initiative. I can assure you that it would be very well received in Europe, where the best minds are keenly aware of the problems before us and await only bold leadership.

Accept, sir, the assurances of my highest and most devoted consideration. Signed P. H. Spaak.

End Verbatim Text.

⁷ See footnote 6, Document 139.

We are puzzled by what Spaak may have in mind under paragraph III. Will try to find out and report.⁸

Nolting

⁸ Polto 850 from Paris, November 13, reported that in private conversation the previous day Spaak did not present any detailed plan regarding paragraph III, but emphasized that the West did not have adequate coordinating machinery in the new era of “peaceful coexistence” to compete with Communist penetration of emerging independent states outside the NATO area. Spaak did not think the United States would need to shoulder a larger proportionate share of the costs of any long-range NATO plan but felt that U.S. imagination and leadership in developing such a plan were indispensable. (Department of State, Central Files, 740.5/11–1359)

In a November 12 letter transmitted in Topol 869 to Paris, November 12, Herter thanked Spaak for his letter and suggested that Spaak should be prepared to discuss his views on the NATO defense effort during his visit to Washington. (*Ibid.*, 740.5/11–1059)

228. Memorandum of Discussion at the 424th Meeting of the National Security Council

November 12, 1959.

[Here follow a paragraph listing the participants at the meeting and agenda item 1.]

2. *Issues of U.S. Policy Regarding the Defense Posture of NATO* (NSC 5433/1; Memo for NSC from Executive Secretary, subject: “North Atlantic Treaty Organization”, dated January 22, 1957; NSC Action No. 2017; NIE 20–58; NIE 100–59; Memos for NSC from Executive Secretary, subject: “Long-Range NATO and Related European Regional Problems”, dated March 11 and 23, 1959; NSC 5906/1; Memo for NSC from Executive Secretary, subject: “Issues of U.S.

Source: Eisenhower Library, Whitman File, NSC Records. Top Secret; Eyes Only. Drafted by Boggs. In another memorandum summarizing the highlights of this meeting, prepared on November 11, Gerard Smith wrote: “I think this discussion was the most useful NSC discussion of my experience. In returning, both Dillon and Merchant expressed great satisfaction with the outcome.” (Department of State, PPS Files: Lot 67 D 548, Europe 1959)

Policy Regarding the Defense Posture of NATO", dated November 5, 1959)¹

Mr. Gray said the President had recently indicated that he wanted to have the Council discuss major policy areas from time to time without necessarily attempting to arrive at decisions on specific proposals. In response to an inquiry, the President had agreed that NATO was one of the appropriate policy areas for Council discussion. Accordingly, a Discussion Paper on the defense posture of NATO, prepared by the Department of State, was before the Council this morning.² In the interest of getting the subject in front of the Council at the earliest possible time, the Planning Board had agreed to this unilateral submission by State. Mr. Gray then called on Mr. Merchant to summarize the Discussion Paper.

Mr. Merchant said that the Discussion Paper prepared by the Department of State after consideration of the subject by the Planning Board was concerned only with policy issues bearing on the defense posture of NATO. The Paper noted the threat to NATO, discussed the "trip-wire" strategy and the "shield" strategy, took up the U.S. contribution to the NATO Shield, and considered the effects of a reduction in the near future in the combat strength of U.S. NATO-committed forces in Europe. Mr. Merchant felt that our NATO allies, in the light of their improved economic capabilities, could do more than they are doing at the present time. The problem is how to induce them to increase their defense effort, to remedy their own short-falls, and to help the U.S. reduce its contribution to NATO. The Paper before the Council was a discussion of that problem against the background of our own budgetary and balance-of-payments problems. The NATO alliance was in a condition of malaise, as reflected in recent communications regarding the Western Summit Meeting. The causes of this malaise included De Gaulle's attitude and actions, Khrushchev's campaign of sweetness and light, news stories regarding prospective reductions in the U.S. contribution, and the knowledge that U.S. military aid will be reduced. Mr. Merchant felt that two major considerations were involved in the NATO problem:

(1) U.S. force commitments for Calendar Year 1960 in relation to the commitments and incentives of our allies;

(2) The impending negotiations with the USSR on disarmament and Berlin.

Mr. Merchant said the problem was: how can the U.S. effectively exercise leadership without discouraging our allies or causing them to

¹ Regarding NSC 5906/1, see footnote 3, Document 225. Lay's November 5 memorandum enclosing a Department of State discussion paper on "Issues of U.S. Policy Regarding the Defense Posture of NATO" is in Department of State, PPS Files: Lot 67 D 548, Europe 1959. For the remaining references, see footnote 1, Document 207.

² See footnote 1 above.

panic? how can the U.S. deal with these matters in a fashion which will not risk dissipating our bargaining position vis-à-vis the USSR? In his view, earnest consideration should be given to reducing U.S. combat forces committed to NATO *only* in return for Soviet force reductions or withdrawal in Central Europe. Finally, Mr. Merchant noted that the Discussion Paper presented the factors in the NATO problem from the political point of view and that it made no suggestions as to tactics or timing.

Mr. Gray then called on Ambassador Burgess, who said he would make a few remarks to supplement Mr. Merchant's exposition. The Annual Review of NATO force goals, just completed, showed that NATO had made substantial progress in the last year toward achieving its force goals. The German build-up was going forward steadily, although non-commissioned officers were still a limiting factor; German expenditures for defense were rising rapidly; Italian expenditures for defense were increasing at a rate of about four per cent a year; Belgium's defense expenditures had risen some; and it was hoped that Danish expenditures would go up. Progress was being made in connection with training, coordination, and infra-structure. Weapons research was moving ahead promisingly. Mr. Burgess noted that U.S. aid had already been reduced substantially. In his opinion the cuts were too drastic. The U.K. and Germany were on a cash basis; i.e., they were receiving no military or economic aid, and France was practically on a cash basis. In fact, in the European area U.S. aid was going to "the under-developed countries of Europe"—Greece, Turkey and Scandinavia. The European Gross National Product had doubled per capita in the last ten years, but was still only one-half to one-third of the U.S. GNP. A study of European tax rates would show that the European tax burden was heavier than ours. Ambassador Burgess felt that the NATO goals were not completely out of reach; that with some effort on the part of the Europeans and some participation on the part of the U.S., the alliance could come close to achieving its goals. Manpower problems remained serious however. Twelve German divisions were needed and two French divisions should be returned from Algeria at the earliest possible moment; indeed the Algerian conflict should be resolved. In order for NATO goals to be fully achieved, U.S. assistance at the rate of \$2 billion a year for two years would be required. Action was being taken to induce the European countries to make more rapid progress toward NATO goals; we were attempting to "apply the heat." This, however, was a slow and difficult process. With respect to our balance-of-payments and budgetary problems, we had proposed a number of things the European countries might do, e.g., expanded trade, tourist expenditures, more European aid to underdeveloped countries. It would be necessary for us to select

which of these various proposals we were most interested in; the European countries could not attempt them all.

Secretary Herter said he wished to call attention to two facets of the NATO problems:

(1) The concept of the Sword and the Shield appeared to be a generally acceptable concept.

(2) The psychological impact of a withdrawal of U.S. forces and shift of the burden to European countries would be tremendous. The psychological impact of anything we did with respect to NATO was very important and must be watched with great care.

Secretary Herter then asked whether Mr. Dulles would be willing to summarize the recent Special National Intelligence Estimate on "Special Aspects of the NATO problem" (SNIE 100-10-59).³

Mr. Dulles pointed out that the SNIE was limited to the probable impact of a substantial unilateral reduction within the near future of U.S. NATO forces in the European area on: (a) the political attitudes and defense policies of European NATO members and (b) the overall Western negotiating position on Berlin, Germany, and disarmament. The Estimate was unanimously agreed on by the intelligence community except for Air Force reservations on two points. The Estimate concluded that:

(1) Any substantial unilateral reduction of U.S. NATO forces in Europe within the next few months would be regarded as an abrupt withdrawal from firm commitments to NATO.

(2) Diplomatic preparation could mitigate the bad effects of a unilateral US reduction.

(3) In any event, a U.S. decision to reduce its forces in Europe substantially would be widely interpreted as reflecting growing U.S. preoccupation with domestic economic concerns and a decreased sense of urgency about European security.

(4) A substantial unilateral reduction in U.S. forces would reduce popular willingness in Europe to support contributions to NATO at their present level and would intensify the underlying strains in the alliance, although not leading to a major split.

(5) A substantial and unilateral reduction of U.S. forces in Europe at this time would weaken the Western bargaining position on Berlin, Germany, and disarmament.

Secretary Anderson said that outstanding in the Discussion Paper was the argument that MC-70 goals require the U.S. to increase rather than decrease aid to NATO in order to hold the alliance together. He felt that no one had supported NATO more strongly than he, but wished to point out that the argument in the Paper was based on certain question-

³ SNIE 100-10-59, November 10, summarized below, is not printed. (Department of State, INR-NIE Files)

able hypotheses such as: (1) the Soviet threat to NATO has increased; (2) MC-70 is a bare minimum; (3) the Europeans feel we are committed to provide armed forces over a period of some years; (4) Europeans do not have the capability to make progress on MC-70 goals unless we increase our aid; and (5) the withdrawal of U.S. forces would threaten the political cohesion of the alliance.

Over the years, Secretary Anderson continued, it had been agreed in this government that at some time U.S. forces committed to NATO would have to be reduced, but no time seemed to be a good time for this reduction to take place. Some event always stood in the way, e.g., trouble in France, an election in the U.K., or the prospect that Germany would join NATO. It was also generally agreed that there could be no limited war in Europe; if this were so, one might question the size of the Shield. Our allies had indicated an unwillingness to meet MC-70 goals so that we constantly have to "prod" them. If the Europeans believed MC-70 to be essential to their security, we would not have to prod. Secretary Anderson was also worried about the implications in the Paper that we are committed for years to come. He did not wish to weaken Free World security, or the cohesion of the alliance, but he asked the Council to remember that every European country has been preoccupied with its own problems constantly, so that the U.S. should not worry overmuch about being preoccupied with its own problems. Balance-of-payments and budgetary problems were troublesome things with which the U.S. could not compromise, and the satisfactory solution of such problems was just as vital to the world as it was to the U.S.

The President felt that there had been too much talk about reduction of U.S. forces committed to NATO. For years we had talked about making our allies see the problem as we see it. When he was first assigned to SHAPE in 1951, he was told by President Truman that the commitment of U.S. forces to Europe was an emergency measure to induce a rise in European morale and to provide land forces to help meet an aggression in Europe. The President had recently been told that, although he went all over Europe in 1951 representing our commitment of forces to NATO as an emergency measure, no U.S. political authority had ever emphasized the emergency character of the mission. Consequently, the U.S. had maneuvered itself into a greater position of responsibility than was necessary. The President felt we should not ever admit that the 220 million people of Europe could not provide the ground forces necessary for their defense. Nevertheless, we should not talk about reducing our forces committed to NATO until we are able to educate our allies as to the facts of life. When we talk of U.S. troop redeployment, everyone misinterprets our meaning. We must make a political effort to let the people of Europe see that we want to be fair. At present we are bearing a large share of the infra-structure cost, we are

bearing almost all the cost of the deterrent, and we are maintaining a large navy to keep the seas free. The President noted incidentally in this connection that Khrushchev was inclined to laugh at the U.S. for having a surface navy, and had recently canceled construction of some Soviet cruisers even though such construction was rather far advanced. This government, the President continued, must decide what is needed in NATO and must obtain the political agreement of our allies. If responsibility for defending the world is to be imposed upon us, then perhaps we had better rule the world; he was tired of having the whole defense burden placed on U.S. shoulders. In connection with the GNP which had been mentioned a while ago, he would like to say that our GNP was composed of some things we needed no more than a dog needs two tails. The fact is, we are putting money into elements of common defense, such as the deterrent, that our allies must be brought to appreciate. However, nothing could be more fatal than to withdraw our troops from Europe or to say we are about to withdraw them. It was high time that the thinking of Europe was reoriented and made more realistic before the NATO situation is further crystallized; it was high time that the population of Europe did its part with respect to ground forces. However, the U.S. could not initiate a definite scheme for the reduction of U.S. forces, and in the absence of agreement by Europe, say this and only this is what we are going to do.

Mr. Gray said that in its discussion of the subject, the Planning Board had raised some questions about various sections of the Discussion Paper.⁴ The Paper, for example indicated that the Soviet threat to NATO had broadened and increased since 1949.

The President, interrupting, asked Mr. Gray to record one minority vote against that view.

Mr. Gray, resuming his briefing, said that the Planning Board had raised the following questions:

(1) Even though Soviet capabilities have increased since 1959, are not NATO military capabilities also greater?

(2) Isn't it true that Soviet intentions are less threatening than in 1949?

(3) Are all forces committed to MC-70 really necessary to an effective Shield strategy? For example, does every NATO nation have to have army, navy and air forces? Are NATO nations maintaining in

⁴ As a result of NSC Planning Board discussion on November 6, a revised version of the November 5 Department of State discussion paper, dated November 9, was transmitted in a memorandum from the NSC Executive Secretary to the NSC, November 10. (Eisenhower Library, Sp. Asst. for Nat. Sec. Affairs Records, NATO) According to NSC Action No. 2149 (see footnote 6 below), it was this revised version that Merchant summarized at the outset of this NSC meeting. The record of the meeting of the NSC Planning Board, November 6, merely notes the discussion of the Department of State discussion paper. (Department of State, S/P-NSC Files: Lot 62 D 1, NSC Planning Board Minutes 1959)

Europe national forces which aren't part of MC-70 and which could be reduced to help meet MC-70?

(4) Is it true that the U.K. and French Governments maintain that they must have independent nuclear deterrent forces to offset doubts that the U.S. strategic forces would respond to a Soviet offensive in force against Europe?

(5) Is the U.S. morally committed to support MC-70 strategy through 1963?

Mr. Herter said that prior to the adoption of MC-70 goals of 30 divisions by 1963, the force goals for NATO had been 70 divisions. Accordingly, MC-70 was supposed to represent a real reduction in NATO forces. The U.S. was committed to MC-70 to the extent that it took the lead in 1957 to get each NATO country to do its proportionate share in MC-70. The Annual Review provided for under MC-70 is an opportunity for a revision of MC-70, but in the minds of the Europeans we are committed to MC-70 goals to be achieved by 1963.

Mr. Gray asked whether the U.S. must keep 5-1/2 divisions in Europe through 1963. Mr. Herter said the number of divisions we must keep in Europe was a military question which he would not attempt to decide. He could only speak from the psychological point of view; but from that point of view we were committed in the minds of the Europeans.

The President believed that any changes in our commitment to NATO should not be taken up in connection with the Annual Review, but should be agreed to by the NATO Governments in bilateral negotiations. The President asked the Council to look at the 1914-1939 forces maintained in Europe. Western Germany appeared to be having difficulty in raising 12 divisions, but it had had no difficulty in raising a great many more divisions than twelve before World War II. The President thought we would be in bad shape if we did not get a better understanding of our duties and responsibilities on the part of the European countries.

Secretary Herter said the news of our preoccupation with certain economic matters had produced tremendous repercussion in Europe. The Europeans had begun to think of our budgetary and balance-of-payments problems very seriously. The Secretary also felt that before we approached European governments about reducing our forces committed to NATO we should have an understanding with General Norstad, who had worked his heart out on the problem. Any proposal to reduce U.S. forces would mean a new military assessment by all our allies.

The President felt that a new military assessment was not the gist of the problem. In his view we would not be much stronger or weaker than

MC-70. He was arguing that Europe had never done its full duty in connection with NATO.

Secretary Herter said that General Norstad had suggested a "thin-out" of NATO forces, but with a compensatory Russian "thin-out". This suggestion presented difficulties, however, because Germany was fearful of being pushed to the East; any feeling that we are weakening NATO automatically makes Germany uneasy. The President said we were not talking about reducing forces or about withdrawing forces, but about getting the NATO governments to understand our problems. He remarked incidentally that the late Secretary Dulles had always been reluctant to approach the NATO governments with this problem. Moreover, the President continued, he saw no reason why the U.S. should apologize for being preoccupied with its financial situation. The European countries were constantly preoccupied with their own problems and were inclined to say "If you won't, we won't." He liked the suggestion that the Germans might do more. However, this idea would probably be unpopular in Europe, which had been obsessed with the idea that Germany should not have too many armed forces. The French had always been afraid of the German forces; when he was at SHAPE, he had had to go to the French and say "Who is your enemy—Germany or Russia?" The French had never given him a satisfactory reply. The President did not believe that we could possibly take the FY 1961 budget for NATO and reduce it in any way. This, he added, was a blow to him, because he had thought that the Europeans would volunteer to assist us in the light of our budgetary and balance-of-payments problems.

Mr. Gray remarked that the Council had been dealing with matters within the purview of the Department of Defense, but had not yet given Secretary McElroy an opportunity to speak.

Secretary McElroy said that he and his associates had devoted a great deal of thought to the question of the budget. All their work on the FY 1961 military budget made it apparent that if we are to have forces with modern weapons, we must reduce the numerical strength of those forces. It would be possible to increase military expenditures if the national interest required, but a level budget of about \$41 billion would not permit the purchase of modern hardware. Our overseas deployments were an extravagant use of forces compared to the possibility of maintaining our forces in the U.S. Secretary McElroy agreed that a discussion with our NATO partners was needed, but care must be taken to see that such a discussion was not interpreted as a U.S. opinion that the threat had decreased. In his view, in the future, the threat of aggression would be more serious in the Middle East, Southeast Asia and the Far East than in Europe. Only the U.S. and the U.K. would be able to oppose aggression in Southeast Asia, for example, and the U.K. was being coy about that. He would not reduce the U.S. overall effort in behalf of the Free

World, but he would be inclined to recognize a shift in the threat away from Europe and toward regions where our allies cannot carry a share of the burden. What, then, should the U.S. continue to contribute to the defense of the NATO countries?

Secretary McElroy felt that our number one contribution to NATO should be the maintenance of our deterrent nuclear retaliatory forces. The U.K. would be able to help us repel local aggression, but would be increasingly unable to help with the deterrent. Our second contribution to the defense of NATO should be an adequate number of troops in Europe—say two divisions—to establish the fact that the U.S. is committed to use its deterrent forces in the event of an attack on the ground in Europe. Secretary McElroy supported the views of the Secretary of State and the President that the present was no time to state that we will reduce our ground forces in Europe. To do so would lead the Europeans to feel that we were reneging on our commitments and would throw away our bargaining position vis-à-vis the USSR. The President could decide on a reduction of our forces committed to NATO, as well as on the creation of a political climate to make reduction possible, without engendering the feeling that we were running away from our responsibilities. This could be accomplished affirmatively without a sacrifice of the Sword or the Shield. On the ground, we should work toward the understanding that Germany, France, and others might each put up another division. Secretary McElroy asked whether General White wished to say anything. General White said he had nothing to add.

Mr. Stans said that the requirements of our NATO forces were a significant budgetary demand but only one among many such demands. He wished to present two sets of figures which had a bearing on the NATO problem. At the present time we had 700,000 men and dependents in the NATO countries, in Spain and in Morocco. The cost of this deployment was \$2-1/2 billion exclusive of construction, pipeline, large equipment, back-up in the U.S., and \$900 million in assistance for NATO. This figure had a \$1,200,000,000 effect on the balance-of-payments. The total cost of our NATO commitment was \$4 billion a year, not including the cost of the Sixth Fleet. Mr. Stans said that the possibility of balancing the FY 1960 budget has now disappeared. A \$1 billion deficit was in prospect and a miracle would be required to bring the budget back into balance. Moreover, the FY 1961 budget will have built-in increases over the FY 1960 budget of about \$2-\$2-1/2 billion. Mr. Stans' second set of figures referred to the savings which could be achieved by eliminating or deploying U.S. divisions now in Europe. \$400 million would be saved the first year and possibly more thereafter by eliminating two U.S. divisions now in Europe. \$200 million would be saved the first year by redeploying to the U.S. two U.S. divisions now in Europe. Mr. Stans concluded that the cost versus the benefits of various

levels of strength of U.S. forces committed to Europe should be compared. Moreover, he believed the arguments presented in the State Department Discussion Paper against the "trip-wire" strategy were not particularly strong. If the arguments against the "trip-wire" strategy are not strong, are the alternative strategies worth what they cost? Referring to the assertion that the tax burden is higher in Europe, Mr. Stans pointed out that governmental expenditures of the European countries are devoted to considerable extent to "cradle to the grave" social benefits and state socialism. The U.S. devotes 60 per cent of its budget to defense as against 30 per cent for its NATO allies. Ten and one-half per cent of the U.S. GNP is devoted to defense against five per cent of the NATO countries' GNP. Mr. Stans felt that if the Council endorsed the conclusions of the State Department Discussion Paper, such endorsement would amount to a budgetary decision which would affect the budgets for Fiscal Years 1961, 1962, and 1963. He associated himself with the points made by the Secretary of Treasury and the questions posed by Mr. Gray, and agreed with Secretary McElroy's suggestions. Finally, Mr. Stans remarked that political and economic considerations govern the amount of money the European countries are willing to spend for defense; our defense expenditures should also be governed by political and economic considerations.

Secretary McElroy asked whether Mr. Stans' figures meant that in order to save \$4 billion or even \$2-1/2 billion all our forces committed to NATO would have to be eliminated. Mr. Stans replied in the affirmative.

The President asked what effect the elimination or redeployment of troops would have on the balance-of-payments.

Secretary McElroy said the variables were so enormous that any estimate was really a guess, but in his view a reduction of three U.S. divisions committed to NATO would give us a \$300 million "pick-up" in the balance-of-payments. Mr. Stans agreed with this estimate.

Secretary Anderson asked whether it would be practicable to modify our dependents policy if it were decided not to reduce U.S. forces committed to NATO.

Secretary McElroy said the dependents policy was being carefully examined, but it should be remembered that if all dependents were brought home, additional cost would be incurred because of the need for more rapid rotation of our forces. He said that if we decided to pursue MC-70 goals without change, then he would take a careful look at our dependents policy; but if redeployment were decided upon, he would wish to keep the present tour of duty in force. Mr. Stans said we had about one dependent overseas for each soldier.

The President said that despite his budgetary anxiety he did not believe that in the NATO field we could make any great move this year, and probably not next year, without losing more than we would gain. However, we must not drift. We should bring our problems to the attention of Europe bluntly and clearly, and should perhaps develop a better way of doing so. He was pleased that everyone now believes we ought to do something about our forces committed to NATO. He had been saying for a long time that something should be done, but heretofore had been unable to get anyone else interested.

Secretary Herter said the U.K. was considering our situation and desired to send a mission to the U.S. to talk to the Secretary of Defense about a more effective joint utilization of resources. The President suspected that the British want to be relieved of some of their nuclear expenses. Secretary Herter said that the British were willing to contribute more manpower to joint defense. Apropos of nuclear expenses, the President remarked that General de Gaulle wants to spend a great deal of money in order to produce an insignificant explosion in the Sahara.

Mr. Gray raised the question of the relationship of the Draper Committee recommendations to NATO.⁵ Secretary Herter said he had not covered this question in his remarks because he understood that the Council would be discussing the Mutual Security Program on November 25.

The President said the Draper Committee recommendations could be taken as a Bible if someone were able to suggest how we might reduce expenditures other than those recommended by the Draper Committee, or how we might raise taxes. He would not be a party to financing everything by the issuance of bonds. He felt that the Draper Committee had gone far beyond its charter and should have completed the job by recommending compensatory cuts in the budget.

Ambassador Burgess said that the Draper Report had suggested an increase in military assistance to Europe over actual appropriations, but no increase over the current rate of spending.

Secretary Anderson pointed out in this connection that provision of equipment to foreign countries has as much effect on the budget as the provision of money, but that the balance-of-payments effect of the provision of equipment is not as great.

Secretary McElroy said that 85 per cent of our military assistance did not affect the balance-of-payments.

⁵ The recommendations of the Draper Committee are contained in *Composite Report of the President's Committee To Study the United States Military Assistance Program*, August 17, 1959 (Washington, 1959), vol. I, and *Supplement to the Composite Report of the President's Committee To Study the United States Military Assistance Program*, August 17, 1959 (Washington, 1959), vol. II.

The President said he would like to see prepared a combined paper indicating how we should approach the NATO countries, what our objectives should be, what we would like to emphasize and to de-emphasize. If we could formulate our own policy, we would know how to educate the Europeans.

Mr. Gray said that NSC 5915, "U.S. Policy toward Cyprus", was on the agenda this morning, but that there would not be sufficient time to consider it, inasmuch as a Cabinet meeting was scheduled to begin in five minutes.

*The National Security Council:*⁶

a. Discussed the subject, based upon the Discussion Paper prepared by the Department of State after discussion by the NSC Planning Board (transmitted by the reference memorandum of November 10, 1959), as summarized orally by Deputy Under Secretary of State Merchant; in the light of an oral report by Ambassador Burgess, and an oral summary by the Director of Central Intelligence of SNIE 100-10-59, "Special Aspects of the NATO Problem".

b. Noted the President's request that the Departments of State and Defense prepare for Council consideration a report analyzing and recommending U.S. policy regarding the future roles and contributions of the United States and other NATO nations with respect to the collective defense posture, as a basis for consultation with other NATO governments. The President stated that such a report should provide guidance as to the main factors that should be taken into account, and what aspects should be emphasized or de-emphasized in the future. The President also stressed the importance of recommendations which are plausible to NATO allies as well as sound from the U.S. viewpoint.

Note: The action in b above, as approved by the President, subsequently transmitted to the Secretaries of State and Defense for appropriate action.

The President decided that there would be no significant cuts in Calendar Year 1960 in the forces committed to NATO for that year, unless agreed to through negotiations.

Marion W. Boggs

⁶ Paragraphs a and b and the Note that follows constitute NSC Action No. 2149, approved by the President on November 17. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council) Before the President approved this action, he had another meeting with McElroy and others on military and NATO matters on November 16; see Document 229.

229. Memorandum of Conference With President Eisenhower

Augusta, Georgia, November 16, 1959, 8:30 a.m.

OTHERS PRESENT

Sec. McElroy
Mr. Gates
Gen. Twining
Mr. Sprague
Gen. Randall
Gen. Persons
Mr. Gordon Gray
Dr. Kistiakowsky
Gen. Goodpaster

[Here follows discussion of unrelated subjects.]

Mr. McElroy said that to relieve the budget further, he would like to pull a number of our Air Force units out of NATO. He said this matter had become an issue between the State Department and the Defense Department, centering on the record of action of the last NSC meeting.¹ In view of the fact that the French denied us bases from which to conduct attack operations with these Air Force units, he thought we were justified in planning to pull them back. The President supported this general view, commenting on the fact that we have in NATO the equivalent of 6 divisions, which we never intended to keep there permanently. The reason we have them there is the NATO allies are almost psychopathic whenever anyone suggests removing them. Gen. Twining commented that the Air Force would like to pull these air units out. Gen. Norstad is vehemently opposed to this idea. The President commented that we cannot pull out committed forces suddenly. We break faith with our allies. Mr. Gray said that we are committed for the calendar year 1960 with respect to these forces but not beyond. Mr. McElroy said he would like not to be rockbound with regard to these forces. The denial of bases in France has obliged us to put our forces in crowded areas in Great Britain. After further discussion of the matter, the President said we should not prepare our budget on the basis of pulling these units back. We must get the word gradually to NATO that we are going to reduce them. He said we must keep them there in the meantime, even if this costs us extra money. Mr. McElroy said the Air Force would try to rework their budget so as to keep these units there.

Source: Eisenhower Library, Whitman File, DDE Diaries. Top Secret. Drafted by Goodpaster on December 2.

¹ See footnote 6, Document 228.

The President then asked, what about the Sixth Fleet? He said he is getting very doubtful regarding the value of having this Fleet sitting in the Mediterranean. The British and French have strength there, and this has traditionally been an area of their responsibility. In fact, they want to exercise greater influence there now. Our fleet gives us in fact only two groups of aircraft. He is very doubtful regarding its value in a big war. Mr. Gates said that he shared the doubt that the Sixth Fleet should be kept in the Mediterranean. He said the Navy argues that its presence there holds together our cold war allies. Again it would take a lot of political preparation to be able to remove the fleet from the Mediterranean. The President commented that this was an area in which he and Mr. Dulles had divergent views. Mr. Dulles had practically a phobia against raising the question of reduction of these forces. The President said he was certain we should make the Europeans do more. However, he did not see much use talking about the NATO force in relation with the current budget. He recognized that reduction in some fields in NATO might however prove possible. Mr. McElroy asked if it would be acceptable to take these questions up with NATO. The President said it would, adding that we should go to NATO and tell our allies that the time has come for us to backtrack a bit. He added that we should not get this question into an emotional stage before we have had private talks with our major allies one at a time. We should stress that what we are seeking to do is keep our economy strong—on which all of NATO depends—and at the same time be faithful to our commitments. He repeated that we cannot make a budget for FY '61 that contemplates a pullout. We must find other ways. Mr. McElroy said this means that we must pay another year of the NATO bill. He thought that work should start at once to change the political base for our procedure by which these commitments are made. The present one was made in mid-1959 without Bureau of the Budget and NSC consideration. Mr. McElroy said this should be a matter of authorization by the President before annual commitments are made. The President stated that he would bring this matter up with Macmillan, Adenauer and De Gaulle, and would point out that we have a special burden—of keeping up the over-all deterrent. He recognized that they would say that we of course have to do this anyway, so it is not a commitment to NATO. Gen. Twining said he did not think the NATO allies would be as surprised as some people visualized. Several have indicated to him that they are surprised that we have stayed as long as we have.

[Here follows discussion of unrelated subjects.]

G.

Brigadier General, USA

230. Memorandum From Secretary of State Herter to President Eisenhower

November 23, 1959.

[Source: Eisenhower Library, Whitman File, Dulles–Herter Series. Secret. 1 page of source text not declassified.]

231. Memorandum of Conversation

November 24, 1959, 8:30–9:10 a.m.

SUBJECT

NATO Problems

PARTICIPANTS

President Eisenhower
M. Paul-Henri Spaak
Secretary Herter
Ambassador Burgess

M. Spaak began by saying that in Europe today there is some hesitation and doubt with respect to our general policies toward the Soviets. The United States must be very firm and clear at the December meeting in explaining the American position. There is a feeling that we are moving toward peaceful coexistence step by step. There is danger that Europe will think all problems have been settled, and therefore the military effort can be reduced.

M. Spaak said that in his view no problems are settled at the present time. The Soviets could return to the cold war, and therefore the American position in the military field is very important. It is right that the

Source: Eisenhower Library, Staff Secretary Records, NATO. Secret. Drafted by Charles Sedgwick, interpreter, and Fessenden. The meeting was held at the White House. Attached to the source text is a memorandum of transmittal from Calhoun to Goodpaster, December 3. Another copy of this memorandum of conversation indicates that the White House approved it on December 7. Attached to this copy is a verbatim transcript of the conversation prepared by Sedgwick. (Department of State, PPS Files: Lot 67 D 548, Europe 1959)

United States should say that Europe must bear a fair share of the effort. However, there is a danger that, if Europe thinks the United States wants to diminish its effort, some countries might use this as a pretext for diminishing their own.

The President replied that he has been trying to explain to the larger countries that they are not doing their full duty. When he had visited the NATO capitals in January, 1951, he had thought that, as far as American troop strength was concerned, we were carrying out nothing more than a stop-gap, temporary operation.¹ The Marshall Plan was already working at that time, although its full effect had not yet been felt. We knew, of course, that European military strength could not be instantly increased because those countries had had a hard time, but we thought that in due course they would carry their full weight. After all, there are fifty million people in Italy, something like forty-five million in France, about fifty-five million in West Germany, plus the people of the Low Countries and Scandinavia. That makes a total population of around 175 to 200 millions, without counting England, and those are skilled, cultured people.

It is true, of course that France has detached 600,000 troops and sent them south, but there are still a great many people in Western Europe. We ought to strengthen NATO and not weaken it, and in this way we can gain the stability and confidence we need. What the European countries seem to feel is that, ten years from now, the same United States strength will be deployed in Europe as exists today. The United States provides the nuclear bombs and the missiles, which are frightfully expensive. It provides much of the air force and the free world's navy, including the submarines. Europe benefits by all this without the expense. Why, therefore, shouldn't Europe get more inspiration from our example? The President said that, in 1951, he had never thought that the United States command of NATO forces would last as long as it has. He had thought that, in eight years' time, an Englishman or a Frenchman would be in command, although he recognized it would be difficult for Europe to agree on the choice of a commander. In any case, the United States plays too big a part in it all. The President said that he certainly did not mean that the troop strength should be reduced, but at the same time we must make absolutely sure that Europe accepts its responsibilities.

M. Spaak said that he agreed completely. Europe is recovering economically, and therefore new discussions of the problem are needed. It would be dangerous, however, if the United States were to take a unilateral decision. The United States has a duty to explain conditions to

¹ Eisenhower visited the NATO capitals January 7-26, 1951.

Europe and to the world. The United States can point out that the United Kingdom is in a good situation, and so is Germany, and the smaller countries. The United States should speak very firmly to some of the smaller countries. M. Spaak said that, as Secretary-General, he finds it hard to discuss this openly, but the truth is that Norway, Denmark and Belgium are not making a useful military contribution. Their effort is declining year by year. The United States should initiate multilateral discussions on this matter. If the European countries suddenly come to the conclusion that the United States is going to withdraw its troops without discussion, they will think that the world situation is better, and will reduce their forces.

The President said that we must not put the cart before the horse. We must do things in the proper sequence. However, the fact remains that the other countries are not accepting their responsibilities.

M. Spaak said that the United States is too kind, too indulgent. Sometimes it is necessary to speak out with full strength. Otherwise the Europeans will think that the rich, strong United States will always be there to help. If however, the United States speaks clearly and firmly, saying that this situation cannot go on forever, and that Europe must provide for its own defense, it will be extremely useful.

The President remarked that he has been urging this policy for the past five years, but every year some new crisis arises, and people think that this is not the year for us to open our mouths.

At first Belgium had a two-year military service, but, when they saw that other countries had only 14 or 16 months' service, they decided to reduce their own. There should be some country besides the United States that is ready to do its full share. There should be a government—not just an individual—which is ready to say: This is what we must do.

M. Spaak asked whether the United States will withdraw all its troops from Europe some day. The President replied that we absolutely would not do this.

M. Spaak noted that there is another problem—the position of de Gaulle—which is a great source of trouble for us in NATO. All that de Gaulle says about armaments is wrong. De Gaulle's ideas are those of Merovingian times, but war has vastly changed since the days of the Merovingians. His attitude is extremely dangerous.

The President said that de Gaulle feels that an Army can have no morale unless it is defending its own country, yet in the Second World War, when a lot of us were fighting on foreign soil, it seemed we had good morale.

The President said that never in our lifetime will all our troops be withdrawn from Europe because it is important to carry the flag. We are contributing about 40 per cent of the infrastructure requirements. Our

fleets are in the Atlantic and the Mediterranean. There is a question as to the usefulness of the Sixth Fleet in a general war. Perhaps it is exercising a calming influence, but the United Kingdom and France should take on more responsibility in that area.

We must strengthen NATO by making Western Europe more self-dependent, but throughout our lifetime, we shall have token forces over there. We will have some naval strength, some ground installations and missile bases. We will contribute to the infrastructure requirements. But now we ought to say to Europe: You should be ashamed to have our troops over there.

M. Spaak commented that perhaps it would be well to say that in 1949 the situation was such that the United States had to undertake a large share of the effort. That was what was also said later in Lisbon.² But since that time the countries of Europe have made great progress, and therefore their share in the defense of NATO must be increased, and this is a problem which requires study.

The President said there is the matter of the way we approach the problem. We must do it diplomatically. We must tell governments that they must do more and give our reasons. Then governments can give instructions to their representatives as to the attitude they should take in NATO. If the representatives in NATO do not understand the situation, there will be complete confusion.

Secretary Herter said that the Europeans are beginning to understand our position. We must proceed by consultation, and not unilaterally.

The President said that he agreed. He added that one country, Turkey, is strained to the limit. Germany on the other hand, is holding back. M. Spaak said that Greece and Italy are making an effort. France is a special case. Germany is making slow progress, but is improving. Their position is strong, but the percentage of their income devoted to defense is small.

M. Spaak said some have suggested that perhaps it might be a good idea to ask the experts or the "Wise Men" to study the question, as had been done before Lisbon.

The President said that perhaps this could be done. We might present our position to governments, with a Wise Men's report, and then have the NATO Council debate the matter.

M. Spaak returned to the question of the international situation. Some think that a new situation has arisen.

The President said that, with the Indian situation what it is, he had decided to visit India, as he had been wanting to do for the past four or

² The NAC Ministerial Meeting was held in Lisbon February 20-25, 1952.

five years.³ He hopes to awaken the countries that are not members of NATO to the need for unity. This is desirable because we had not merely to keep Moscow in a state of tension, but because we want to defend the same human values as they do, and to obtain coherence. The President hoped that this effort will be well received in NATO, and that NATO, instead of giving way to divisive influences, will be more solidly unified. However, de Gaulle's strong position in France and his antiquated ideas on alliances are not good or healthy because French representatives must reflect de Gaulle's views. We must reach the people. This is a big task, which will remain just as long as the Communist Manifesto remains and just as long as Russia and China pose a threat.

M. Spaak said that it is difficult to convince de Gaulle with arguments, but he is an intelligent man and a realist. If he is confronted with hard facts, he becomes more flexible. If in NATO the United States takes a decisive lead, all the other countries will follow, and France will stand completely alone. If de Gaulle refuses to agree, we shall act alone. There is no possibility of convincing de Gaulle.

The President commented that the problem still remains that de Gaulle is capable of making fantastic decisions. He might say that France would withdraw its forces from NATO and limit its military effort to Algeria.

M. Spaak said this is not the policy of France, but of de Gaulle. In France there is no Parliament; there is no Government; there is only de Gaulle, and his ideas are not those of France.

On the general international situation, the President said that, since the very beginning, he has been saying that we cannot negotiate from weakness, but only from a position of strength. There has been no change except that Khrushchev is not so belligerent as he was earlier, or as Stalin was. It is very bad if people are lulled into the belief that the Communist goal has changed just because there is a sweeter smile in the Kremlin. This is something we must counteract. On the other hand, if we are to seek fruitful negotiations with the Soviets, we must not indulge in name-calling. We must observe the normal decencies of diplomatic language. We cannot speak of Khrushchev's hands dripping with Hungarian blood. It is, in fact, true, but we cannot speak about it.

M. Spaak agreed, but added that people are very fond of wishful thinking. In December there must be a firm statement, pointing out that nothing fundamental has changed, but that we must take advantage of the better atmosphere to try to improve our position. We cannot reduce our military effort before success has been achieved.

³ Eisenhower visited India December 9–14.

The President agreed that nothing could be worse. The United States has a two-year military service. It is fair to ask why Western Europe cannot do the same.

M. Spaak said that it is unfortunate that the EDC was rejected because Europe must accept the rule of uniformity. If one country has a two-year period and another only one, it is hard for the first country to maintain the longer period. Each Government should spend the same percentage of its income for the common effort. There should be standardization. This was the goal of the EDC, and it is a pity that it was rejected.

The President said that, in the spring of 1952, he swore, prayed, almost wept for the EDC. It was initialed, but after the French Parliament was through with it, there was nothing left.

Americans complain that we have our divisions over there, in addition to our other commitments, and yet Europe does nothing. England has cut down its effort and wants to cut it even more, although she might reconsider her cuts.

M. Spaak commented on the danger that Belgium may withdraw its troops from Germany. That would be foolish; NATO should strongly oppose the idea. There is no use in Belgium's having two divisions in Belgium.

The President said that he agreed with Mr. Spaak. Our problem is how to accomplish this without causing alarm. The Secretary of State has been asked to explain the problem to governments, to explain how they are shirking their duty. Then we can speak of the great need of maintaining our strength. We must reinforce success, and not failure.

M. Spaak said that the NATO countries should be kept informed of what is planned. The arrangements for the December meeting are good, but the countries should be kept informed. The small countries in particular appreciate this sort of thing.

The President commented that you cannot negotiate with the Communists except from a position of strength. They respect you more if you are strong. We do not need to be belligerent or chauvinistic because we are strong. Quite the contrary. We can afford to make concessions if we are strong. M. Spaak agreed that there can be no success if little concessions are made to the Communists. We must keep our position very firm on the basic principles. M. Spaak asked if we expect success at the Summit Meeting, on the Berlin question. The President replied that Khrushchev might say that he will do nothing sudden in Berlin, that he will present no ultimatum. This would be a half-way retreat. He may give some pledge on Berlin which will not be wholly satisfactory, but which will allay fears. As far as nuclear tests are concerned, Khrushchev is worried by the cost of armaments. He says he wants to disarm, but that

he can't convince the United States to disarm on his terms. He has given much emphasis to "mutual trust," but we will agree only if there is an adequate system of inspection and control.

The President agreed with M. Spaak's comment that, if armaments are so very expensive for the United States, they must be so for the USSR also. The expense to the USSR is about half what it is to us, but the relative effort is about the same. The President stated that all this was foolish. Khrushchev says that there is a lot of talk about peace in the world, but what do the Russians do? Sometimes Khrushchev hints that he might agree to mutual inspection, but then he retreats. It may be agreed that we reduce the armaments burden, the President said, but he recalled what happened in 1922 in the Nine Power Treaty.⁴ Under Mr. Coolidge and Mr. Hoover we observed the letter of the law. We did not even elevate our guns, but all the time the Japanese were building ships. We cannot afford to repeat that experience.

The President concluded by agreeing with M. Spaak that we must strengthen NATO. There can be no security in any region unless the people of that region are determined to make the necessary effort. The United States cannot do the job all by itself, even with 40 Divisions. We can import troops, but we cannot import a heart, and people lose heart if they feel that everything depends on us. We must not minimize the over-all seriousness of the situation.

M. Spaak agreed that the President must be very severe in NATO.
(The conversation was concluded at 9:10 a.m.)

⁴Reference should be to the Five-Power Treaty of 1922, which established naval ratios for capital ships of the United States, United Kingdom, France, Japan, and Italy. The Nine-Power Treaty of 1922 provided for the reaffirmation of the Open Door in China.

232. Editorial Note

In November 1959, the United Kingdom decided not to reduce its troops in Europe. Secretary Herter was notified of this decision on December 1, at the conclusion of a conference in Washington on the peaceful uses of Antarctica. In a memorandum for the record, December 2, Herter wrote:

"After the signing ceremony of the Antarctic Treaty yesterday, Ambassador Caccia showed me a memorandum from the Foreign Office in

London, obviously dictated by Selwyn Lloyd, in which it was stated that the British Government had decided not to go to the WEU with respect to a possible reduction of British troops in Europe from 55,000 to 45,000. The document indicated that Selwyn Lloyd had promised to keep me advised as to decisions of the British Government in this matter and that he thought I would be gratified to learn of this decision, even though it had been reached by the British Government with great reluctance." (Eisenhower Library, Herter Papers)

In a message to Lloyd, December 10, Herter wrote: "I deeply appreciate your courtesy in letting me know through Harold Caccia of the British Government decision not to reduce its troops in Europe. I feel this is most helpful and will contribute considerably to easing our discussions next week in Paris." (Telegram 4579 to London, December 10; Department of State, Central Files, 740.5/12-1059)

233. Text of Statement by the Chairman of the Joint Chiefs of Staff (Twining)

Paris, December 10, 1959.

"Since the end of World War II, United States policy has firmly supported the concept of collective security as the basis for defense of the free world. The major collective security arrangement in which the United States is involved is, of course, NATO.

"While great strides have been made, through our past efforts, toward creating an effective NATO defense, there are, at the present time, several obstacles—or impediments—to further progress. These obstacles can and should be removed. Those countries responsible for the lack of progress in certain critical areas which I shall discuss are weakening the entire defense of NATO and are thereby increasing the possibility of war. The United States Joint Chiefs of Staff are deeply concerned with respect to several of these issues.

"First, we are concerned with the lack of progress, with respect to certain nations, in necessary arrangements for the accommodation of nuclear weapons and nuclear strike forces. Some NATO nations appear

to feel that they are doing the United States a favor in making such arrangements. They desire the security which can be provided only through atomic capable forces, but they want none of the responsibility for accommodating weapons, and in some cases strike forces, on their own soil. From a military viewpoint, our collective defenses are obviously weakened by such governmental attitudes.

"The United States Joint Chiefs of Staff are also deeply concerned over the redeployment from France of certain strike forces. The United States investment in manpower, training, and dollars in these squadrons will not now produce the defense dividends which could have been achieved. The congestion of aircraft on a more limited number of air fields is tactically unsound, and the operational difficulties engendered by these moves must force the United States Joint Chiefs of Staff to re-examine the future deployment and use of these squadrons.

"The United States Joint Chiefs of Staff are also deeply concerned by the failure to make progress in the development of a unified air defense organization for NATO Europe. The resources and assistance granted by the United States government to help establish an effective air defense for NATO cannot be justified or long continued on the basis of the present unsatisfactory situation. It will be militarily unsound to make any United States investment, of any kind, in the air defense of Europe under present circumstances. The resources can be used better in other ways.

"As a last point, the unilateral action which was taken with respect to the French fleet is of great concern to United States military planners. The entire principle of collective security which we have followed—as opposed to a "fortress America" concept—seems jeopardized by this action. I would hope that an early solution satisfactory to SACEUR can be arrived at within the near future.

"I know that these are all difficult problems, and I feel that the military authorities of the governments concerned would change some of these circumstances if they were permitted. My only positive suggestion would be that you military representatives insure that your political superiors are aware of the seriousness with which the United States Joint Chiefs of Staff view these problems. Our resources are not unlimited, and, from a military viewpoint, we have a right to expect a maximum return on all defense efforts which we undertake. I recommend that you keep working on these problems vigorously and that you attempt to establish an understanding that, under certain circumstances, political judgements of governments should be modified or changed on the basis of military realities."

"In conclusion, I wish to state that the United States Joint Chiefs of Staff are firm in their support of NATO. We believe strongly in the NATO concept of unified defense and we shall continue to recommend

to our government that we carry our fair share of the burden in our common defense. We feel that many of the NATO nations are also carrying their fair share of responsibility—and we hope that those governments which have policies of no-cooperation, in certain areas, will adjust these policies in the near future.”

234. Editorial Note

The Ministerial Meeting of the North Atlantic Council, held in Paris December 15–17, was attended by all Foreign Ministers and NATO Permanent Representatives of the 15 member countries. The U.S. Delegation was headed by Secretary of State Christian A. Herter and included Permanent NATO Representative W. Randolph Burgess, Secretary of the Treasury Robert B. Anderson, and Secretary of Defense Thomas A. Gates, Jr. A list of the principal members of the U. S. Delegation is printed in Department of State *Bulletin*, December 28, 1959, page 935.

The most extensive body of documentation on this NATO Ministerial Meeting is in Department of State, Conference Files: Lot 64 D 560, CF 1549–1568. CF 1549 contains the index of papers prepared for this Ministerial Meeting as well as a set of memoranda of conversation between U.S. and foreign officials. CF 1550–1552 contain copies of Topol–Polto, Tosec–Secto, and Tocah–Cahto telegrams for the December 12–22 period. A post-conference file for December 19–21 is in CF 1553. The Secretary's briefing books are in CF 1554–1556. CF 1557 contains Orders of the Day for the December 15–17 and 22 dates. Summary Records of the Ministerial Meetings of the North Atlantic Council are in CF 1558; the Verbatim Records are in CF 1559 and 1565–1568. The administrative file is in CF 1560; substantive miscellaneous papers are in CF 1561; and administrative miscellaneous papers and letters are in CF 1562. CF 1563 contains a chronological record for December 12 and 13; CF 1564–1568 contain a chronological record for meetings for December 14–17 and 22. Telegrams and documentation on this Ministerial Meeting are *ibid.*, Central File 396.1–PA.

The December 15–17 Ministerial Meeting of the North Atlantic Council preceded the Meeting of the Western Heads of Government in Paris held December 19–21 (see Documents 92 and 93) The NAC Ministerial Meeting reconvened on December 22 and was briefed on the results of the Heads of Government Meeting.

Secretary of State Herter and his party arrived in Paris on December 13 after a day in London. For text of his arrival statement, see Department of State *Bulletin*, January 4, 1960, page 3. At 4 p.m., he met with Under Secretary of State Douglas Dillon at the Embassy Residence, and at 5 p.m. they were joined by Gates and Anderson; no memoranda of these conversations have been found. In the evening, Under Secretary of State for Political Affairs Livingston T. Merchant and Charles E. Bohlen, Special Assistant to Secretary Herter, met with Louis Joxe, Secretary General of the French Foreign Ministry. Memoranda of their discussion on the French estimate of Soviet intentions (US/MC/1), the U.N. resolution on Algeria (US/MC/3), and General Twining's speech (US/MC/5) are in Department of State, Conference Files: Lot 64 D 560, CF 1549 and 1563. Regarding Twining's speech, see Document 233.

At 9:30 a.m. on December 14, the delegation held a meeting, of which no record has been found. One hour later, Herter, accompanied by Ambassador Houghton, Merchant, and Counselor of the Embassy in France Randolph A. Kidder, called on French Foreign Minister Couve de Murville. A memorandum of their conversation on General Twining's statement is printed as Document 235. Memoranda of their conversations on the U.S. position at the United Nations on Algeria (US/MC/8), Italian participation in preparations for the East-West summit and disarmament talks (US/MC/9), and NATO and Western summit meetings (US/MC/10) are in Department of State, Conference Files: Lot 64 D 560, CF 1549 and 1564. At 11:30 a.m., Secretary General Paul-Henri Spaak called on Secretary Herter; see Document 236. At 12:15 p.m., Herter, Burgess, and Merchant met with General Norstad; no record of their conversation has been found. A memorandum of John W. Tuthill's conversation on European integration with Sir Anthony Rumbold, Assistant Under Secretary in the British Foreign Office (US/MC/2), during a luncheon, is in Department of State, Conference Files: Lot 64 D 560, CF 1549 and 1564.

At 2 p.m., Herter began talks with British leaders on a wide range of issues. His discussion with Lloyd on the Common Market was summarized in Secto 6, December 15. (*Ibid.*, Central Files, 440.001/12-1559) Their discussion on nuclear testing and disarmament was summarized in Secto 8. (*Ibid.*, 700.5611/12-1559) Their discussion on SEATO and contingency planning was summarized in Secto 22. (*Ibid.*, 790.5/12-1759) Memoranda of their conversation on disarmament (US/MC/11), nuclear testing (US/MC/12), NATO Ministerial Meeting (US/MC/13), Laos and contingency planning (US/MC/14), and summit conferences (US/MC/15) are *ibid.*, Conference Files: Lot 64 D 560, CF 1549 and 1564.

The ceremonial opening session of the Ministerial Meeting took place in the new NATO building on Tuesday, December 15, at 10:15 a.m.

French Prime Minister Michel Debré's statement presenting the new building to NATO and the statement of acceptance by Halvard Lange, President of the North Atlantic Council, are *ibid.*, CF 1565. At 10 a.m., the Ministers convened the first restricted session; see Document 237. Secretary Anderson and Derick Heathcoat Amory, British Chancellor of the Exchequer, discussed matters of trade and aid during a luncheon. Their discussion was reported in Polto 1167, December 16. (Department of State, Central Files, 400.002/12-1659) At 3:30 p.m., the Ministerial Meeting resumed; see Document 238. At 4:50 p.m., McBride discussed with Mr. Pansa of the Italian Foreign Ministry Italian participation at the forthcoming Western summit meeting. The memorandum of their discussion (US/MC/4) is in Department of State, Conference Files: Lot 64 D 560, CF 1549 and 1565. From 6:30 to 7:45 p.m., Secretary Gates, General Twining, and other Department of Defense officials met with British Defense Minister Harold A. Watkinson, Admiral Mountbatten, and other British officials to discuss a variety of military defense issues. The memorandum of conversation is *ibid.*, CF 1565.

On Wednesday, December 16, the Ministerial Meeting resumed at 10:15 a.m. The session was summarized in Polto 1168, December 17. (*Ibid.*, Central Files, 396.1-PA/12-1759) The highlights of the meeting were summarized in Polto 1169 (*ibid.*); a longer summary is in Document 239. The session resumed at 3:30 p.m.; see Document 240. At 7 p.m., Herter, Merchant, Kohler, and Hillenbrand met with German Foreign Minister von Brentano. The memorandum of their discussion on German vested assets (US/MC/6) is in Department of State, Conference Files: Lot 64 D 560, CF 1549 and 1566.

On Thursday, December 17, the Ministerial Meeting opened at 9:45 a.m.; see Document 241. At 12:45 p.m., Herter talked with Greek Foreign Minister Evangelos Averoff concerning the question of including some road construction projects in Greece in the NATO infrastructure program. The memorandum of conversation (US/MC/16) is in Department of State, Conference Files: Lot 64 D 560, CF 1549 and 1567. At 1 p.m., Herter made a telenews recording at the NATO television studio. The transcript is *ibid.*, CF 1567. A debriefing session was held at 1:15 p.m.; no record of the session has been found. Herter had a working lunch with Merchant, Bohlen, and Kohler; no record of the discussion has been found. At 3:30 p.m., the session resumed; see Document 242. For text of the communiqué issued on December 17, see Department of State *Bulletin*, January 4, 1960, pages 3-4. At 11:05 p.m., the Secretary left for Toulon to meet President Eisenhower, who was arriving to attend the Heads of Government Meeting.

During the Western Heads of Government Meeting in Paris, December 19-21, U.S. officials held numerous side talks with foreign officials, some of which touched on NATO matters. A record of a meeting

between Presidents Eisenhower and de Gaulle on December 20 is printed in Part 2 as Document 151. A memorandum of conversation between President de Gaulle and Secretary Herter on Algeria, NATO, nuclear weapons, and the EEC on December 20 is printed in Part 2 as Document 152. A memorandum of President Eisenhower's discussion with Prime Minister Debré on military integration on December 21 is printed as Document 244. Later that day, Herter met with Dutch Prime Minister Jan E. DeQuay on several issues. A memorandum of their discussion on European integration and NATO problems (US/MC/13) is in Department of State, Conference Files: Lot 64 D 560, CF 1569 and 1578. This meeting was followed by a meeting of the four Foreign Ministers where they discussed the report to the NATO Ministerial Council and the next phase of preparatory work for the East-West summit. The memorandum of that discussion (US/MC/16) is *ibid.*

Following the Western Heads of Government Meeting, the Ministerial Meeting of the North Atlantic Council reconvened at 9:30 a.m. on December 22; see Document 245. For text of the communiqué issued at the close of this session on December 22, see Department of State *Bulletin*, January 11, 1960, pages 44–45. At 2 p.m., Secretary Herter held a background press conference for U.S. correspondents, reported in telegram 2834 from Paris, December 22. (Department of State, Central Files, 911.61/12–2259)

On December 21 and continuing on December 22 at 3:30 p.m., Assistant Secretary of Defense for International Security Affairs John N. Irwin, II and Department of Defense officials met with Minister Joxe to discuss U.S.-French relations, particularly as they related to military defense. The memorandum of conversation is *ibid.*, Conference Files: Lot 64 D 560, CF 1568.

The following documents are arranged in the order in which the meetings were held.

235. Memorandum of Conversation

US/MC/7

Paris, December 14, 1959, 10:30 a.m.

NATO MINISTERIAL MEETING

Paris, December 15–17 and 22, 1959

PARTICIPANTS

United States

The Secretary of State
Ambassador Houghton
Mr. Merchant
Mr. Kidder

France

The French Foreign Minister
M. Jacques de Beaumarchais

SUBJECT

General Twining's Statement to the Military Committee

The Secretary, after discussing our abstention on the Algerian item at the UN (see separate memorandum),¹ turned to NATO and said he assumed that the Foreign Minister was referring to the statement made by General Twining. This statement, he said, was made by a military man in a military committee and it was a quite proper one.² The line followed by General Twining was the same as that used by the President in his talks with General de Gaulle in Paris.³ The Secretary said we have a real problem which must be decided. He added he was sorry that it came out as it did in the military committee. Had it been raised from a political point of view, we would have said it differently. The Secretary then outlined three areas of difference as follows: (1) Mediterranean Fleet, (2) atomic stockpile, and (3) question of integrated command.

The Foreign Minister commented that perhaps there had been a leak (of the Twining statement). He said he wasn't there and couldn't know himself but he could not but believe that a leak had been made on

Source: Department of State, Conference Files: Lot 64 D 560, CF 1549. Secret. Drafted by Kidder and approved in S on December 19. The meeting was held at the Quai d'Orsay.

¹ US/MC/8 is not printed. (*Ibid.*)

² See Document 233. According to Polto 1134 from Paris, December 12, Spaak pointed out at NAC that morning that Twining had said nothing very new or radical, but the difficulty was that his statement became public. Burgess remarked that Twining's statement represented the opinion of the U.S. JCS, and that USRO had tried to make clear to the press that Twining did not mention de Gaulle and gave a military, not political, statement. (Department of State, Central Files, 740.5/12-1259)

³ See Part 2, Documents 129 ff.

purpose. In any case, the public interpretation is that there has been an American initiative to put the French "in the box"—to make France "the black sheep of NATO". The Foreign Minister then added that he does not know if that is our intention. He said that General Twining's statement goes a little far. He then read the section from the Twining statement which expresses the view that the activities of those countries which are not doing their full share in NATO increase the possibility of war. This, the Foreign Minister said, is going a little far even for a military man. The Minister then read the section from the Twining statement in which the General recommended that the audience keep working on the problem so that political decisions could be changed on the basis of military reality.

The Foreign Minister continued by saying that he knows from past talks that there are always the three problems (presumably those three mentioned by the Secretary). However, he doesn't think that these problems really change the position of the Alliance nor make war more likely. These are not anything like basic differences and they do not affect the overall world position, which is what interests the French. What are worse than the military difficulties are the political difficulties. This political aspect is especially pertinent during the so-called *détente* and in view of the talks we are going to have with the Soviets. He commented nevertheless that we are disunited in Africa and the Soviets know it. The Soviets played their hand very cleverly in the GA on the Algerian item by saying nothing.

The Secretary intervened at this point to say he does not think that the Minister can properly say that we are disunited. He emphasized that we have supported General de Gaulle and France all along.

The Foreign Minister commented that he did not want the Secretary to misinterpret what he meant. He was not talking about the substance of the problem but about the interpretation by the public which is what matters. He said he is aware of the American position and knows it has not changed. It is the public impact which concerns him. The Twining statement is another step giving the public the idea that the situation is deteriorating. We must face the realities of the situation. In the five years to come, NATO is going to change in one way or another. The Americans have their problems and the French have theirs. He added he hopes the Algerian problem will be solved and that French troops will come back to France. The Germans, he hopes, will complete their military programs.

The Secretary said that we must be flexible but the important thing is not to weaken the NATO military posture at this time.

The Foreign Minister, referring to the Twining statement, said there were two aspects of it which concerned him. First, it was presented in a dramatic way, and second, it became public which gives it a different

interpretation. It makes it appear that there is a basic crisis within NATO where he, in fact, does not believe such is the case. The Secretary agreed that there is not a real crisis but pointed out that whether there is or isn't, in any given case the press will always build it up as though there were. The Secretary then informed the Minister that on the US side a thorough review had been made to attempt to find out whether an American might have been responsible for the leak. The results have been negative.

236. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 15, 1959, 3 p.m.

Polto 1156. From USDel. Secretary Herter's meeting with Spaak, December 14.¹

Spaak began by referring to General Twining's statement in Military Committee,² expressing view that, while leak to press deplorable, large majority NATO members, and he himself, thought statement a good one and points needed to be made. Said most NATO ambassadors had told him this.

Secretary remarked that Couve, whom he had just seen,³ seemed reasonably moderate on this subject, and thought that it would come up in Ministerial Meeting on Wednesday⁴ (in discussion of military matters) rather than on Tuesday. Said Couve hoped Guillaumat respond.

Spaak said even if we are entering a *détente*, it is necessary to keep up NATO defenses; the French are definitely standing in way of progress in this field, and there is a sentiment of revolt against this situation in NATO. Burgess noted that there is a similar sentiment among French military and in much of French press. Spaak said in his judgment de

Source: Department of State, Central Files, 740.5/12-1559. Secret. Transmitted in two sections.

¹ According to the chronology for December 14, Burgess, Merchant, and Nolting were also present. (*Ibid.*, Conference Files: Lot 64 D 560, CF 1564)

² See Document 233.

³ See Document 235.

⁴ December 16.

Gaulle isolated on his defense policy. Spaak added he did not know whether Debre would raise question of Twining statement when he addresses NATO opening session, but rather felt that he would.

Secretary and Spaak then discussed briefly recent vote in UN on Algerian question. Noted French were disturbed by United States abstention, but Secretary pointed out six members of NATO abstained, and final vote was undoubtedly influenced by fact that United States did not reveal its position before-hand. Said language of revised resolution was almost identical with views expressed by President and Secretary previously, and therefore we could not vote against resolution. Lodge had made statement explaining United States position. (Spaak later said he thought it would be very helpful in NATO if text of Lodge statement were circulated by United States.)⁵

Conversation turned to military situation in NATO, and Secretary raised question of what procedure should be followed to face up to NATO's defense problem. Spaak said same question worried him. Remark that last year's defense resolution had not yielded sufficient results,⁶ and that customary annual review resolution was no good unless vigorously followed up. His tentative idea was that small "wise men's" committee should be asked to examine problem, but we would have to make sure that this did not impede efforts which NATO military are making to get more defense contributions. Said we must gain some time. Thought main question is—what is United States going to do? Is United States going to re-examine its strategic concept for NATO area? Spaak then said that in his opinion requirements of M.C.-70 will not be obtained; the gap is too big. He added that it is important to set a political background at ministerial meeting in light of which military problem should be frankly discussed. Reverting to timing, Spaak said he was not sure whether it was wise to re-examine defense problem right now. Burgess said he thought it would be dangerous to re-examine now, and agreed United States must formulate its own views first although we should not act unilaterally. Spaak said Belgians particularly need to be prodded; they have adopted a "stupid policy", and United States must speak to them. Secretary told Spaak that United States has already done so on several occasions, but they persist in bringing in Congo as a possible drain on defense resources. This discussion of follow-up on defense matters was inconclusive. Spaak said he would try to summarize after Council discussion but would do so carefully, bearing in mind necessity

⁵ For the text of Lodge's statements on Algeria in the United Nations to Committee I on December 2 and to the plenary session of the General Assembly on December 12, see Department of State *Bulletin*, January 18, 1960, pp. 100–102.

⁶ See Document 180.

to avoid proposal for dramatic re-assessment. Thought best to have matter studied in Permanent Council.

There was further discussion of French attitude in NATO. Spaak said that up until now NATO countries had tried to be patient with French preoccupations and tried to be helpful on Algeria but that now majority are losing patience. French say that NATO must be reformed, but they do not participate in NATO and do not make their views clear with respect to reformation. He added that French think leak of Twining statement was deliberate on part of U.S. He referred to de Gaulle's speech at Ecole Militaire,⁷ remarking that line taken by de Gaulle was entirely inconsistent with that of NATO. Said he thought there must be a frank discussion in ministerial meeting on air defense and on introduction of atomics. Scandinavians would explain their special position on latter.

Question of rooms for NATO meetings came up. Spaak thought suggestion that military meeting might begin in large conference room, and then be shifted to smaller room if necessary, was good one. He said Lange would make his full speech in opening public session. Debre will probably say something concerning Alliance (Spaak didn't know what) but he had promised to show his speech to Lange before-hand. Meeting concluded with thought that this would be a very lively three day meeting. Spaak felt that, in addition to NATO pressure on French concerning defense policy, it would be most helpful if the President would address this problem in his private talks with de Gaulle.⁸ Spaak repeated that French are "completely isolated" on their defense policy and that even Germany would certainly choose NATO and U.S. in preference to tripartitism.

⁷ In de Gaulle's speech to the Ecole Militaire, November 3, he said that the system called "integration" had outlived its usefulness and that in any war France would have to act on its own in pursuit of its own aims, although it might fight along with allies, each fulfilling its own role. Copies of telegrams 1978 from Paris, November 4, and 2003 from Paris, November 5, which summarize the speech, and a transcript of the speech are in the Eisenhower Library, Whitman File, Dulles-Herter Series.

⁸ See Part 2, Document 150.

237. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 15, 1959, midnight.

Polto 1160. From USDel. Ministerial Council of NATO convened at 10:15 a.m. in open plenary session for dedication of new NATO building.¹ After presentation statement by Debre and acceptance by Lange,² Council began discussion of agenda item I in restricted session. Spaak introduced discussion with general commentary reflecting his questionnaire regarding détente³ and with reference to record of Washington consultations on summitry.⁴ Following Spaak, general statements were made by Secretary, Wigny, and Lange. Meeting recessed at approximately 1:00 p. m. to be continued in afternoon.

Debre's presentation statement (which released to press by NATO) was brief appeal for cooperation in overcoming internal difficulties of Alliance in order insure political and military solidarity and for rejuvenation of NATO. Lange's acceptance statement (also released) was expression of appreciation for French contribution of building site and other cooperation in creation "permanent home" for NATO in Paris.

Spaak called for discussion under agenda item I to concentrate on his questionnaire regarding détente (PO(59)1615) and on record of Washington consultations in preparation for summit meetings. He indicated agenda for East-West conference uncertain but would probably include disarmament, Berlin and general question of Germany, general East-West relations, and perhaps problem of relations with underdeveloped countries. Invited Ministers seize opportunity express their views on these subjects. Said particularly important to consider maintenance of political consultation in NATO re planning for East-West negotiations, observing that consultative process had been somewhat less than satis-

Source: Department of State, Central Files, 396. 1-PA/12-1559. Secret. Repeated to London and Bonn and pouched to the other NATO capitals.

¹ The verbatim (C-VR (59)43) record of this open session, dated December 15, is *ibid.*, Conference Files: Lot 64 D 560, CF 1559. There is no summary record of this session. The verbatim (C-VR (59)44) record of the restricted session beginning at 11 a.m., dated December 15, is *ibid.*, CF 1559. The summary (C-R (59)44) record is *ibid.*, CF 1558.

² Texts of Debre's and Lange's statements are *ibid.*, CF 1565.

³ Not found.

⁴ Record of Washington Consultations Preparatory to a Meeting of the Heads of Government or Chiefs of State of France, Germany, the United Kingdom, and the United States summarized the views expressed during meetings between Secretary Herter and the British, French, and German Ambassadors in Washington November 4–December 9 on matters relating to summit meetings. (Department of State, Conference Files: Lot 64 D 560, CF 1567)

factory since last Geneva Conference.⁵ Noted that scope of possible agenda for East-West summit is considerably greater than scope of Geneva Conference and involves subjects which clearly of equal concern to small and great powers. Spaak expressed some dissatisfaction with phraseology of reference in record of Washington consultations to consultation with NATO.

Spaak urged that Ministers address themselves to question of whether we have entered new phase of international politics and cautioned care in analysis this question. Drew sharp distinction between Soviet concept "peaceful coexistence" and Western desire for cooperation. Urged that Soviet concept of competition by all means short of overt aggression be clarified so that Western public opinion will understand that Communist threat not reduced in period of apparent détente. Warned against Soviet efforts to play off Western Allies against each other and stressed great importance of Western unity and danger of relaxing Western defense in view fact Soviets could resort again to cold war at any time. Suggested full discussion by Ministers of these considerations in order provide adequate background for defense discussions tomorrow.

Returning to political consultative process, emphasized importance of consultation regarding problems in other areas of world, such as Asia, which are becoming center of East-West struggle. Challenged Council to go beyond general acknowledgments of importance such broader application of political consultation and to consider what such consultation should really mean for organization of NATO.

Spaak concluded with appeal for effort by NATO to bring order into economy of Atlantic Community, and referred to problems of Six and Seven, and of continued U.S. aid to Europe that has recovered economically. Stated solution these problems required if NATO to deal effectively with less developed areas. Warned against false distinction between political and economic problems and asserted NATO concerned with basic policy aspects of economic as well as political problems, although accepted judgment that NATO should not assume operational responsibilities in economic field.

Secretary's statement dealt with U.S. approach to East-West negotiations, estimate of Soviet threat and tactics, stressed importance of augmenting NATO's military strength, gave assurance of continued U.S. commitment to collective security and support for NATO defense, urged greater European defense effort and aid to less developed areas, and proposed that NAC undertake planning for NATO's role over next

⁵ Reference is to the Geneva Foreign Ministers meeting May 11–August 5. Documentation is printed in volume VIII.

decade in fields of political consultation, defense, science and technology, and East-West information and cultural exchange. (Full text being transmitted by separate message.)⁶

Wigny warned against relaxation under apparent *détente*. Urged probing of Soviet disarmament proposals with emphasis on conventional arms in which Soviets have greatest strength. Western tactics in this field should be designed to draw Soviets out fully and get them off balance. Repudiated concept of disengagement as obsolete in view modern weapons developments. Suggested flexibility in Western approach on Berlin and Germany and emphasized importance of advance agreement on what West should refuse, and consequences thereof, as well as what should be accepted. Urged NATO consultation on basic policies toward less developed areas. Suggested possibility of special study re information exchange with USSR. Concluded with commendation of Secretary's proposals re NATO planning for future.

Lange cautioned against unqualified acceptance of *détente*. Acknowledged some progress made but emphasized basic East-West conflicts remain. Anticipated long process of negotiation with uncertain outcome. Stressed that fundamental Soviet hostility toward West will not soon be abandoned, and that West should not make concessions that imperil its security and democratic institutions. Asserted that, despite these reservations, there is wide range of possibilities for negotiation. Urged initiative and imagination in dealing with new East-West relationships, particularly by probing fully Soviet intentions re disarmament, but warned against unilateral Western disarmament. Suggested possibility of large scale joint East-West program of aid to less developed areas under U.N. auspices.

Lange emphasized importance of NATO political unity and cohesion. Commended NATO arrangements which have inevitably involved some limitations on sovereignty. Warned against inward looking tendencies (e.g. Six's and Seven's) that might tend divide Europe and weaken ties between Europe and North America. NATO must be focal point of all endeavors.

Lange indicated gratification at Secretary's proposal re long-range planning and expressed hope determined effort would be made in this direction.

⁶ Polto 1159 from Paris, December 15. (Department of State, Central Files, 396.1-PA/12-1559)

238. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 16, 1959, noon.

Polto 1161. From USDel. Subject: Ministerial NAC meeting afternoon December 15: continuation Item I: Review of international situation.¹

Germany (Brentano) said firm reaction of NATO last year impressed Russians but NATO cannot rest on laurels or underestimate threats still facing it. Soviets rejected Western peace plan at Geneva out of hand and are still prepared to talk concessions only from West.² Aims and methods of Russians unchanged. NATO should contribute to efforts to seek real détente. But West must avoid danger of wishful thinking or of letting down. Soviet soft line makes position all the harder.

Recognized dangers of Soviet efforts to gain influence in newly emergent states and welcomed Dillon's emphasis on this at Bonn.³ It is duty of NATO to coordinate interests of members.

Regarding summit, solidarity of West is essential as Russians trying to split Alliance, particularly destroy German ties with Allies. Disarmament should be first agenda item. In long run German question must be resolved if tension to be reduced, by self-determination of whole German people. Final solution of Berlin problem only possible within solution German question, not separately. Present guaranteed status of Berlin must not be endangered.

Brentano appealed to Allies to reaffirm principles of December 17 declaration of last year.⁴ He welcomed Spaak and Herter's emphasis on fact that West cannot relax, and agreed with Herter on Germany and Berlin.⁵ Germany will do its best to give greater help to underdeveloped countries. Welcomed Wigny rejection of disengagement.⁵ Said that there was opportunity to improve relations between economic groups within Alliance if questions discussed openly and frankly.

Source: Department of State, Central Files, 396.1-PA/12-1659. Secret. Transmitted in three sections. Repeated to London and Bonn and pouched to the other NATO capitals and Moscow.

¹ The verbatim (C-VR (59)45) record of this session, dated December 15, is *ibid.*, Conference Files: Lot 64 D 560, CF 1559. The summary (C-R (59)45) record of this session, dated December 15, is *ibid.*, CF 1558.

² For text of the Western peace plan, May 14, see Department of State *Bulletin*, June 1, 1959, pp. 779-781.

³ Dillon visited Western Europe December 7-14; see Documents 80 ff.

⁴ See footnote 1, Document 170.

⁵ See Document 237.

Greece (Averoff) expressed hope for real détente, saying poor country with delicate situation such as Greece naturally wants relaxation. But must not underestimate Russians who only recently have subjected little Greece adjacent to Communists, with threats from outside and interference internally.

This proves Moscow only changing tactics. Forces of Alliance holding at about same level but cohesion is less, and this is dangerous. Must keep up efforts until disarmament agreement reached and avoid idea of "moral disarmament" which would lead to unilateral disarmament.

Solidarity within Alliance raises point of low GNP per capita in Greece. Programs for undeveloped countries unfortunately do not speak of NATO members. Greece too has needs.

In summitry, Greece advocates controlled general disarmament but not limited zones. Strongly in favor of non-intervention in internal affairs, and we should strike out at radio broadcasts which violate that line. Any agreements must be cleared with all members of Alliance in advance. Must not give up any rights in Berlin. Averoff praised Secretary's proposal for ten-year plan.⁶

Portugal (Mathias) doubted Russians meant détente. "No use to try to straighten shadow of a twisted stick." Praised Herter proposal for ten-year plan.

United Kingdom (Selwyn Lloyd) denied stories that NATO in crisis. Praised Herter ten-year plan idea as clarifying long-range intentions of United States to NATO. Stressed need for concentration and harmony regarding summitry.

Lloyd then summarized Four-Power Working Group [Report] circulated yesterday.⁷ Stressed no decisions taken, but issues were date and place, scope of agenda, and methods of further preparatory work, for which United Kingdom suggests Washington as site. Pledged progress reports to NAC on regular and automatic basis. Believed Western Five should meet soonest possible to coordinate position on disarmament, and 10-Power Disarmament Committee should meet soonest and

⁶ Toward the end of his statement at the morning session, December 15, Herter proposed a cooperative long-range planning effort for the 1960s, which would put into better perspective the problems with which NATO was wrestling. He believed this effort would provide NATO "with affirmative objectives towards which we could strive over the years that lie ahead—in our relations with each other, in our relations with other free nations, and in our relations with the Communist powers." He then detailed how such planning "could be addressed to the various components of our political, military, arms control, scientific and economic programs to the extent that they bear upon NATO." (Polto 1159 from Paris, December 15; Department of State, Central Files, 396.1-PA/12-1559)

⁷ See footnote 4, Document 237.

before summit.⁸ Stressed West must educate public opinion not to expect too much from summit.

Lloyd then expressed his views on EEC along well-known lines, saying it should not be exclusive or would lead to trade war. Danger of economic split which could lead to military and political split in Alliance must be avoided.

Military effort must be on more closely knit basis than in past. Generally supported Herter statement of this morning. Spoke in favor of interdependence. Defense Minister would speak of inability of individuals to meet force goals tomorrow. On East-West relations believes there is "beginning of a détente." Major task of 1960 is to consolidate and improve it. There has been a change. Four reasons for Khrushchev attitude are: (1) fear of nuclear war; (2) pressures within Russia for better life, competing with high cost of arms; (3) Khrushchev concept of his personal importance; and (4) fact that détente involves no doctrinal heresy since Marx never said world domination had to be gained by war.

West must maintain present military balance. Cannot negotiate from weakness. Attack on West must be made unattractive. Must employ resources correctly so as to also deal with Soviet economic and political penetration. Should not be on defensive or afraid of greater contacts.

At summit, should tell Russians that Soviet change in tactics is move in right direction but does not go far enough. Should then try to explain our views of détente, cold war, and co-existence, establish differences of views, and educate Russians. Should give impression we want real détente if proven by action but intend to maintain defenses.

Arms control most fruitful topic for summit since common interest on both sides. Summit can only give general direction to long negotiations in Ten-Power Committee. Soviet disarmament proposals show a change as they move conventional disarmament to first stage and liquidation of bases to end of first stage. United Kingdom thinks nuclear and conventional disarmament must be treated *pari passu*.

On Germany and Berlin it follows from Khrushchev desires to avoid war that he wants to remove heat from Berlin crisis. But cannot assume that heat may not be turned on again, as prestige deeply involved. We should stand on Geneva formulas.

⁸ The United States, United Kingdom, France, and the Soviet Union issued a four-power communiqué on September 7, in which they agreed to set up a Ten-Power Disarmament Committee, and a U.N. Disarmament Commission Resolution (U.N. doc. A/4209) unanimously approved this communiqué on September 10. For text of the communiqué and resolution, see *Documents on Disarmament, 1945-1959*, vol. II, pp. 1441-1443.

Denied any interest in disengagement, but favored geographic areas for inspection and limitation of arms citing Antarctica.

NATO only proper forum for discussion of questions leading to action on problems of concern to whole Alliance. Period of freer diplomatic play requires closest consultation on all these matters. Supported Herter proposal ten-year planning.

Canada (Green) thought situation better than a year ago but no reason to relax vigilance. One year of quiet is no proof their policy is less aggressive. We should encourage détente to eliminate risk of actual war, such as at Berlin. Should be optimistic but not unduly so and be careful of public opinion.

Progress will be slow and should avoid unilateral concessions, Canada favors series of well prepared summits. NATO consultation on summitry should be improved.

Must be closest NATO consultation on disarmament. There is no inconsistency between high state of preparedness and seeking to reach agreement.

Greece proposed that NATO help prepare Western disarmament position, suggesting it organize its political and military staffs to contribute to study. Asked Permanent Council to consider what kind of group should be brought together to let NATO deal in positive way with disarmament.

Praised Herter 10-year plan idea.

Italy (Pella) said firmness of West would aid in making a real détente. Cannot relax defense efforts until Russians give concrete proof of change. Urged closer consultation in NATO on summitry, indicating not satisfied with recent past. Unable to comment on Four Power report, as it was just received.

Welcomed Herter statement indicating United States more united with Europe for long period for defense, as well as in other fields of cooperation.

All should participate proportionately in defense effort, but 4 percent progressive 5-year increase Italy has pledged is maximum it can do at present, taking account of other problems, particularly development needs in south Italy.

NATO should coordinate policies and efforts regarding underdeveloped countries, but not be operating agency. It should also provide economic cooperation within Alliance for members with special problems.

Disarmament most propitious field for summit. Is optimistic about solution of problem between Six and Seven. Need is for close cooperation of all countries of OEEC including United States and Canada.

Dutch (van Houten)⁹ stressed Soviet objectives unchanged, and tactics could be switched easily. Even if Soviets do not use armed force for attack, they will use it for political pressure. Military strength must be preserved and maximum effort made to build up shield until disarmament not only agreed upon but actually in effect.

Warmly welcomed Herter announcement United States troops would stay long time to come, and 10-year plan idea. More coordination and unity needed, and Permanent Council should consider measures to be taken.

Preparatory talks on summitry vital, all through next ensuing months, as well as during East-West summit.

Should give no concessions on Berlin and Germany beyond Geneva proposals.

Must keep public opinion informed of need to keep up defense effort.

France (Couve) noted change from last year, when we had three crises, while this year none. Attributed this to firmness of Alliance on Berlin.

Noted no change for better in ChiCom attitude.

On summit, we should not give up anything essential nor be fooled by appearances. On disarmament, West should show it is serious, but question of control very difficult. West should raise non-intervention as a cold war problem, raising questions of both arms delivery and economic aid by Soviets. Russians seek to maintain split of Germany, and to detach Germany from West and neutralize it under Soviet direction, putting Russia on the borders of the Rhine, which might be a threshold to war. Berlin is tied to German problem. Russians will try to get acceptance of peace treaty and Berlin agreement. Agreed with Wigny Western position should take up at end of Geneva.

Indispensable to maintain balance of power, including United States forces in Europe for defense of Europe.

When France last year suggested NATO policy should include not only Europe, some shock was caused, but now seems acceptable defense must be total as problem is global. This extension particularly important for France regarding Africa where has special responsibility.

Military adaptations of Alliance also necessary; subject is delicate, but changes in weapons and state of world, and greater health of Europe means some adaptations necessary. Couve said he understood Herter allusion to United States preoccupation on sharing of defense Berlin. There also could be changes in organization and responsibilities "in the sense of each taking its own responsibility."

⁹ Hans Rudolf van Houten, Dutch Secretary of State for Foreign Affairs.

Special ties such as United States–Canada, Scandinavian group, Benelux, etc not bad but useful as reinforcing strength of individuals, small groups, and all.

Unity extremely important at present time.

Denmark (Hansen) was hopeful about disarmament, favored many summits, urged united Western front with consultation in NATO, favored early meeting of 10-Power Disarmament Committee, and urged reconciliation between Six and Seven; North America should not worry about economic effects of European developments. Supported Herter 10-year plan idea.

Luxembourg (Schaus) called for deeds not words from Russians. Soviet dogma unchanged and strength intact, while subversive effort undermine had. West should negotiate, though reticently. Stressed unity of Alliance, and organizing for dangerous period ahead.

Turkey (Zorlu) expressed suspicion of Communists and distrust of détente; Soviet take-over of Eastern Europe had occurred without force in period of détente. Russians seek relaxation now for chance to do same thing. Détente should be global, not local.

Zorlu strongly criticized French proposal to discuss economic aid for underdeveloped countries with Russians as dangerous move. Also did not like idea of continuing series of summit meetings, which gave Russians far too much stature above the salt in public mind. We should sit tight on our position on Germany.

Zorlu struck out at idea of extending long-term credits to Russians, particularly because Greece and Turkey unable to obtain such credits from European partners. NATO must study this problem, which has political as well as economic implications.

Spaak then proposed NAC consider issuance of two communiqués: one on Thursday,¹⁰ which would be basically military and only slightly political, and a further one next Tuesday¹¹ which would carry the real political message. Spaak proposed on Thursday to take up Four-Power Working Group report for discussion paragraph by paragraph.

¹⁰ December 17.

¹¹ December 22.

239. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 18, 1959, 1 p.m.

Polto 1177. Subject: Ministerial NAC meeting morning December 16: Item II (Military).

The NATO Ministerial Council convened at 1015 in the large council chamber to discuss Agenda Item II (Military).¹

Guillaumat (France) responded briefly to General Twining's Military Committee statement and objected both to substance and to the press leak.² Discussion was deferred to the restricted session.

The intelligence briefing was given by Admiral Boone,³ Chairman of the Standing Group, and the Military Progress Report (MC 5/14)⁴ was noted without comment. The meeting then adjourned for a restricted session in conference room.

Secretary General Spaak opened the discussion and introduced Secretary Gates who delivered his statement (text sent separately).⁵

Visser (Netherlands)⁶ stated that the Annual Review⁷ makes clear that military force requirements cannot be achieved by the efforts which member countries are making. Commenting on the need for a strong shield as a credible deterrent he cited unsatisfactory past experience in making quantitative reductions on the ground of quality improvements

Source: Department of State, Central Files, 396.1-PA/12-1859. Secret. Transmitted in three sections. Repeated to London, Bonn, and Moscow and pouched to the other NATO capitals.

¹ The verbatim (C-VR (59)46 and C-VR (59)47) records of this session, dated December 16, are *ibid.*, Conference Files: Lot 64 D 560, CF 1559. The summary (C-R (59)46 and C-R (59)47) records of this session, dated December 16, are *ibid.*, CF 1558.

² See Document 233, and footnote 2, Document 235.

³ Admiral Walter F. Boone.

⁴ Not found.

⁵ No record of the transmission of Gates' speech has been found. A copy of his speech is in Department of State, Conference Files: Lot 64 D 560, CF 1566.

⁶ S.H. Visser, Dutch Minister of Defense.

⁷ The text of the draft resolution on the 1959 Annual Review noted the possibility of progress toward the achievement of MC-70 requirements, called attention to "the unfavorable trends" in the 1958 Annual Review and still present in 1959, and considered that "unless further corrective measures are implemented without delay, the defense posture of the alliance in relation to Soviet strength will continue to deteriorate." It further adopted as firm goals the force plans for 1960 and urged "member countries to make every effort to attain the required force levels and qualitative standards in accordance with the guidance and recommendations of the NATO military authorities for the 1959 Annual Review." (Polto 1073 from Paris, December 8; Department of State Central Files, 396.1-PA/12-859) On December 9, the NAC agreed to submit the text of this resolution to the NAC Ministerial Meeting. (Polto 1089 from Paris, December 9; *ibid.*, 396.1-PA/12-959)

which actually did not sufficiently compensate. He noted that defense systems make sense only if they ascend individual frontiers.

A fundamental study is needed on ways to reach the goals of greater efficiency and economy and further integration of defenses; faster progress is needed on integrated production and logistics. The problem of integration should be reactivated in all fields. We should proceed in areas already begun and frankly face the political problems in other areas, such as air defense. The Permanent Council should study plans to integrate defenses. Visser recommended that a small select group make such a study, or that perhaps the Council might wish to use the Annual Review Group. The first problem is to achieve MC-70 goals; but this requires a further concept which, for the Netherlands, means greater integration.

Watkinson (U.K.) stressed the need for strengthening NATO and keeping up its defenses, particularly in the light of the intelligence briefing. Our governments should negotiate from a position of strength in disarmament talks. He noted that Britain was contributing by not reducing the British army of the Rhine—which presented problems in view of Britain's other world-wide requirements.

Strauss (Germany) indicated that there was no reason to abandon NATO's appraisal of the military situation or change the military goals. He noted that there probably would be an increase in Britain's next defense budget.

In view of the need to take account of new weapons, he welcomed the addition of special agenda items on weapons developments. Watkinson supported Gates on expanding the NATO family of weapons; he regretted that the United Kingdom has not always been able to join NATO production in the past but he stated that Britain will welcome discussions in this area for the future and suggested that 2 or 3 countries join together to make specific proposals to the NATO Armament Committee. Watkinson stressed that all countries must make concessions.

NATO should reinforce present first phase forces as a deterrent, and must maintain the ability to retaliate in every type of aggression. Watkinson questioned whether we do not merely weaken ourselves by lengthy debating of types of weapons. He stressed that Britain was re-equipping its forces in smaller numbers, but with greater striking power and mobility. He concluded with three recommendations: (1) to do all possible to strengthen the Alliance and insure that national responsibilities are not incompatible with strong support for NATO; (2) to make new attempts to broaden the NATO family of weapons; and (3) to stress increasing NATO's strength for the first phase of a war, with both conventional [and] nuclear capabilities, rather than on follow-up forces.

Strauss (Germany) indicated that there was no reason to abandon NATO's appraisal of the military situation or change the military goals. Balanced collective forces are necessary to meet high costs. Strauss regretted that there had been no positive decision on interrelation of air defenses and logistics.

He stressed the importance of equipping the shield forces with dual capability weapons and of storing atomics in Europe. Noting that Germany accepts the burden and the risks, although this was not easy when others do not permit nuclear storage, Strauss requested other countries to re-examine their attitude.

Strauss then covered in detail plans for the German force buildup, indicating the goals and progress to date in all services, and expressed Germany's determination to fulfill the military requirements of MC-70.

Strauss noted that there were three major problems for Germany: the lack of long-term volunteers for military service, the difficulties of procuring land for military purposes, and the lengthy procedures required for technical decisions on more weapons systems. The present tour of service is not long enough; and, as disarmament publicity has had some psychological effect on the public, the need for continued military forces must be made clear. NATO infrastructure procedures are too complicated and should be revised, particularly as to real estate and the logistics system. Strauss expressed appreciation for French willingness to make training facilities available.

Strauss mentioned the need for adjustments in German MC-70 requirements in order to choose among parallel weapons systems. They have decided to concentrate for the time being on two types of weapons systems—Honest John and Sergeant.

Other problems included: land acquisition for surface-to-air missiles, the need for air defense systems on destroyers, [1-1/2 lines of source text not declassified]. Strauss questioned the value of manned fighter units in air defense, and indicated his intention to stress multi-purpose capabilities in combat aircraft.

Strauss then made several specific proposals: the Annual Review should be maintained but with greater flexibility and more of a forward look; infrastructure procedures should be more concise and shorter; the international staff should provide a brief appraisal of each country to be discussed in detail at ministerial meetings; a strong psychological potential should be developed, perhaps with a small psychological warfare staff in SHAPE especially in view of Soviet propaganda on the "spirit of Camp David."⁸

⁸ Reference is to the talks between President Eisenhower and Khrushchev at Camp David, Maryland, September 25-27, at the conclusion of Khrushchev's 13-day visit to the United States.

Strauss urged that uniform requirements be set for NATO military matériel and a reasonable distribution of production tasks be worked out with less emphasis on industrial pressures and national prestige factors. He proposed a technical committee on basic military requirements to work under the Military Committee.

On the question of the Baltic, Strauss emphasized that the time has come to solve the long-standing problems. Noting that there are many questions which seem beyond the competence of either the Chiefs of Staff or the Foreign Ministers alone, Strauss proposed that such political-military problems should be discussed by Defense Ministers, Chiefs of Staffs, and Permanent Representatives together. He concluded by stressing that NATO must give an impression of solidarity and strength, and expressing appreciation for the United States statement on keeping forces in Europe.

Etzel, the German Finance Minister, then discussed the German economic and financial situation. In 1958, Germany spent 3.6 percent of its GNP on defense, and if expenditures on Berlin and stockpiling costs are added, the percentage of GNP would reach 4.1 per cent. Etzel noted, however, that Germany was still divided and had continuing obligations for refugees. He stressed again Germany's intent to meet MC-70, and to increase defense expenditures to the limit of its possibilities, as well as continuing to contribute to under-developed countries.

Themelis (Greece)⁹ noted the increased Soviet propaganda designed to provoke tension in NATO. He stated that MC-70 goals are minimums but that even if they are met, Greece will have the smallest force in the Balkans except for Albania. Greece is trying to replace old equipment and will make maximum efforts; but the program is dependent on the mutual aid program. The Greeks have increased the percentage of GNP devoted to defense as GNP increased, but as the GNP is very low, Greece has one of the largest military burdens of the Alliance in proportion to her economy. Greek efforts depend on Allied cooperation; if, for example, the Allies buy her products, it will help the Greek economy and hence her defenses. Themelis concluded by commending NATO achievements in production of equipment and weapons.

Andreotti (Italy) warned that the gaps in NATO defenses were serious, but could be overcome if all members of the Alliance exerted maximum efforts. He stressed that the saving of the Alliance depended on its unity and cooperation. Italy has made considerable sacrifices to meet MC-70 goals: her defense budget will increase by 20 per cent over five years; Italy has arranged for introduction of *[less than 1 line of source text not declassified]* a NATO stockpile; she has established IRBMs and pro-

⁹ George Themelis, Greek Under Secretary of National Defense.

vided for an integrated defense. Andreotti concluded by expressing pleasure at the United States reassurances that it would continue to contribute its share in NATO and stated that Italy will continue to do all possible to meet its goals.

Mr. Spaak then appointed a communiqué committee, following which the morning session was adjourned.

240. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 18, 1959, 5 p.m.

Polto 1192. Dept pass Defense and Treasury. Subject: Ministerial NAC meeting, afternoon, December 16, continuation of Item II (Military).¹

Chairman announced President's request for relief of Adm. Wright and President's offer to nominate successor.²

Spaak praised the performances of Admiral Wright and of General Parker (Standing Group's Representative to the NAC) and expressed regret at their departure. In inspiring farewell speech, Admiral Wright made the following points: SACLAN'T's mission of controlling the Atlantic for NATO is vital; NATO organization must adjust to technological changes and other developments; and the MC 70 goals are the absolute minimum for naval forces. After commenting on the lag in the infrastructure program, Admiral Wright noted several accomplishments, such as the application of atomic fission to submarine propulsion and anti-submarine weapons, the research center at La Spezia, and combined naval planning and operations. He concluded by expressing the importance of the unified NATO defense as a deterrent to aggression.

Source: Department of State, Central Files, 396.1-PA/12-1859. Secret; Priority. Transmitted in two sections. Repeated to London and Bonn and pouched to the other NATO capitals and Moscow.

¹ The verbatim (C-VR (59)48) record of this session, dated December 16, is *ibid.*, Conference Files: Lot 64 D 560, CF 1559. No summary record of this session has been found.

² The suggested text of the message Herter recommended President Eisenhower send Spaak concerning the release of Admiral Wright from his assignment as SACLAN'T, effective February 29, 1960, was transmitted in Topol 1144 to Paris, December 11. (*Ibid.*, Central Files, 740.5/12-1159)

Pearkes (Canada) noted that Canada's efforts in behalf of North American defense are part of her contribution to NATO. He indicated that Canada had decided to re-equip its air squadrons in Europe but because of the high costs of modern weapons, could not contemplate additional commitments beyond those accepted by the government. He also noted that the changing threat had increased Canada's maritime responsibilities in view of the need to provide escorts and maritime aircraft for the Pacific coast as well as the Atlantic.

Moniz (Portugal) noted that Portugal's defense budget for next year would contain some increases which were significant in terms of Portugal's resources. He emphasized Portugal's overseas responsibilities, particularly in Africa.

Gilson (Belgium)³ outlined the reorganization of the Belgian Army, and then turned to a discussion of the problem of maintaining economic and social stability and the need for aid to under-developed countries, particularly in the light of Belgium's responsibilities in the Congo. He emphasized the necessity for the smaller countries to achieve a greater integration of defenses and a pooling of production.

Handal (Norway) also stressed the need of the smaller countries for cooperative NATO efforts especially in coordinating the development and production of naval vessels. He indicated that in view of the importance of the close integration of European air defenses, his government was prepared to recommend to Parliament that the measures proposed in MC 54⁴ be implemented. In view of the relatively small changes in Annual Review procedures over the past eight years he urged consideration of the suggestions put forward by the Norwegian Delegate for reforming the Annual Review process.

Krag (Denmark) apologized for the absence of the Danish Defense Minister who was presenting the Danish defense budget to Parliament. He expected that the decisions now under consideration would show an increase in Denmark's defense budget.

Zorlu (Turkey) reiterated the dangers of a *détente* and endorsed the need for overcoming the defects in NATO's defenses pointed out by the military authorities. He underscored the need for actions in the logistic field. He noted Turkey's progress in the installation of an IRBM squadron and endorsed the importance of an integrated air defense. He expressed appreciation for the assurances of the United States, Great Britain and Germany. He noted that like Greece, Turkey had a low national income and continued to devote a relatively high share of her resources to defense. He indicated that Turkey had decided to increase its

³ Arthur Gilson, Belgian Minister of Defense.

⁴ Not found.

subsequent defense budgets by three percent but that continued assistance of the other members of the Alliance would be necessary.

Averoff (Greece) concluded the general discussion by reiterating that even the minimum requirements as set forth in MC 70 had not been achieved; Greece is particularly aware of the danger because of its geographical position between Albania and Bulgaria. He stressed that we must all increase our defense efforts and noted that despite the low per capita national income, Greece is spending 6 percent of it for defense. He again cautioned on the need to obtain the essential military strength and to meet our responsibilities in view of the danger to NATO.

General Norstad then gave a presentation on atomic weapons in Europe. He expressed satisfaction with the support given to MC 70, but indicated that deeds were necessary as well as words. He stated that little had been accomplished on achieving a collective balance of forces, but noted the possibilities open to the Benelux countries in the field of collective balanced forces and requested them to set an example for the rest of NATO.

[3 paragraphs (1-1/2 pages of source text) not declassified]

Next agenda point was then taken up on status of air forces. General Norstad reviewed development of air defense in Allied Command, Europe, since 1951 outlining need for centralized authority for integration of air defense and concluded that, in view of weapons developments, it was absolutely essential from military standpoint. He then discussed meaning of integration, emphasizing that it applied at highest level, and indicated many important functions which would be performed as national responsibilities. Guillaumat expressed hope that a formula could be found to reconcile military and political factor and that France was prepared to discuss technical aspects of air defense.

General discussion followed on question of air defense, in which Strauss strongly and convincingly supported Norstad's view on serious implications of a further delay in decision on unified air defense system. Watkinson affirmed support of his government for principle of unified command, and indicated willingness to reconsider disposition of Britain's squadrons if this would help in removing present deficiency. He was followed by Visser who stated that it was right and just to give Supreme Commander responsibilities and powers which he needs to carry out task assigned to him.

Secretary Herter made statement which emphasized requirement for instantaneous ability to react; this cannot be obtained, under modern time-space relationships, through loose cooperation of coalition. He also pointed out that continued support of NATO is going to depend upon assurance that funds contributed are being utilized to maximum, and that air defense was case in point.

Andreotti indicated Italy's support for integrated air defense of Europe, following which Pearkes cited Canada's experience with integrated air defense system in NORAD. He indicated that, speaking from definite experience, any misgivings about loss of individual sovereignty through integrated air control were unfounded.

SecGen then summarized questions of nuclear weapons and integration of air forces, concluding that we need to know precisely what specific issues divided members. After further discussion, it was agreed that France would examine and comment on papers submitted by General Norstad, and that after discussions between SHAPE and French Government, report would be made in two months on what problems could not be solved and reasons therefor. Norstad emphasized that next move (i.e., definitive comments by French on his proposals) was up to France, since SHAPE could not offer any further technical ways around what had now become political problem. This was clearly understood by all and explicitly accepted by Guillaumat.

Remaining discussion was devoted to question of what statements would be made to press (agreed to say no more than fact military matters were discussed) and to arrangements for next day's meeting.

241. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 18, 1959, 1 p.m.

Polto 1178. From USDel. Subject: Private Ministerial Meeting December 17: morning session.¹

Meeting received comments on Four-Power Working Group report to Heads of Government.² At Couve's suggestion, agreed International Staff would prepare summary which would be attached to Working Group report for consideration of Heads of Government. Highlights follow.

Source: Department of State, Central Files, 396.1-PA/12-1859. Secret; Priority; Limit Distribution. Transmitted in two sections. Repeated to London, Bonn, and Rome and pouched to the other NATO capitals.

¹ The verbatim (C-VR(59)49) and summary (C-R(59)49) records of this session, dated December 17, are *ibid.*, Conference Files: Lot 64 D 560, CF 1559 and 1558, respectively.

² See footnote 4, Document 237.

Italy noted paper did not yet represent views four governments and this comment confirmed by United Kingdom and France. Agreed Permanent Council would decide level of NATO meeting with four Foreign Ministers April 19. Belgium and Turkey commented that section on "stated purposes" was so broad as to leave door open to Russians to bring up anything. Stressed it important West know what it wanted to take up. Turkey worried about bringing up secondary subjects on which Russians might make concessions while failing to yield at all on matters of primary concern to NATO. Italy noted that paper did not prejudge matters re subsequent summit meetings. On section on "continued Western consultation" Italy insisted could not decide now how working groups would be organized, and stressed need for full consultation with NATO in terms of paper.

Re psychological factors Greece stressed problems already existing of false détente for countries bordering Soviet bloc which have Communist Party present. Urged West stop deluding itself. Belgium urged that West take bold initiatives in order affect Western opinion. United Kingdom agreed with both, and Spaak supported Greek caution. Theme of West taking initiative also pushed by Italy, who suggested we can force Russians on defensive on issue of non-intervention. Greece agreed.

Belgium, saying political issues will not see much progress, urged we exploit intellectual and economic collaboration as subject for discussion. Denmark agreed, and also urged Council to give negotiating powers flexibility they would need on tactics as distinguished from substance. United Kingdom pointed out we have agreed positions on Germany, Berlin, disarmament and cultural contacts but economically need a good deal more preparation on Western position.

Norway spoke in favor of 10-power disarmament meeting before summit to prepare issues for summit discussion. Secretary Herter responded that for a while we had thought East-West summit might occur before 10-power disarmament talks early next year, and had feared latter would have only just begun at time of East-West summit and thus result in confusion. He recognized difference of opinion in Working Group, thanking Lange for his views, and said United States wanted to adjust to the type of suggestion that had been made. Italy supported Norway on this point. Dutch pointed out danger in having 10-power group and thus have opportunity to propagandize it at summit before West could have disposed of it.

Italy raised question of interpretation of section on disarmament,³ urging there was no difference between procedure and substance, thus trying once again to obtain a role in disarmament preparation for summit. Couve pointed out Working Group bound no one, words may not be most happy ones and stressed substance of disarmament should be considered in Western Five. Canada urged 10-powers meet before summit. Spaak confirmed that it was understood Western Five would work in consultation with NATO and Canada urged NATO set up disarmament groups, both political and military, to study matter and give advice to Western Five. Spaak said Permanent Council could consider this later.

On Germany and Berlin, Germans pressed for free elections, no isolated solution of Berlin, which would prejudice solutions of German question and need for guaranteed liberty and access for Berliners. Spaak pointed out document really told us nothing on these subjects and urged consultation before East-West summit if any change of policy. Secretary pointed out this would be studied in ensuing months in closest contact with NATO in order to dovetail ideas. Taking positions before eve of next meeting could result in leaks. Decisions could be taken later in complete consultation with NATO.

Turkey spoke against aiding Russians economically, through credits or otherwise. Belgium urged that in preparing position of West on aid to underdeveloped countries, necessary foundation was resolution of economic problems within West in order to establish unity. Industrialized powers must improve trade between themselves if they are to help underdevelopeds. While implementation of any program should be in OEEC or ad hoc group, NATO should establish cohesion and basis for political decisions.

West should not ask Russians to join in aid program but should ask them to develop programs of their own in coordination with West. Italy doubted should go that far in bringing Russians into aid programs and Greece and Turkey also cautioned strongly against dangers involved. Norway felt Permanent Representatives should discuss economic problems within Alliance and the underdevelopeds felt that aid programs under United Nations contained ample safeguards to protect West from dangers of Russian abuse and urged United Nations method be used. Italy felt NATO should consider aid to underdevelopeds, and pointed out OEEC going to undertake this. Link should be established between NATO and OEEC. Spaak pointed out NATO could not administer aid

³ Regarding disarmament, the Four-Power Working Group report stated:

"Discussion of substantive disarmament matters and the coordination of Western positions for forthcoming disarmament negotiations would appear to be within the province of the Western members of the ten-nation group."

programs for underdevelopeds but there were many political problems for discussion in NATO. Lange proposal should be considered in NATO. There is political need for common policy as inspiration for action. NATO could ask OEEC to collaborate. Turkey urged problem be studied within NATO, since OEEC contained neutrals. Pointed out Russians continually offer aid to Turkey. Secretary recognized that doubts had been expressed on advisability of taking up aid to underdevelopeds at summit in light lack of agreement in Council on major elements thereof. Said Lange proposal needs consideration. Referring to his 10-year planning proposal,⁴ Secretary urged today's communiqué refer thereto leaving implementation to Permanent Council.

Spaak urged communiqué state that political aspects of economic problems be dealt with by NATO, and with Lange's support said technical matters could then be taken up in OEEC.

Meeting adjourned to 3:30 p.m. to consider draft communiqué and defense resolution Spaak preparing.

⁴ See footnote 6, Document 238.

242. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 18, 1959, 5 p.m.

Polto 1179. From USDel. Subject: Ministerial NAC meeting afternoon December 17:¹ action on Admiral Wright, resolution on defense, time and place of next meeting, other business, and communiqué.

Council adopted resolution accepting Admiral Wright's resignation and requesting United States designate successor which Spaak anticipated might be named to NAC December 22.²

AR resolution³ was superseded by resolution on defense prepared by IS at Spaak's request. Defense resolution attempted take account of

Source: Department of State, Central Files, 396.1-PA/12-1859. Secret; Priority. Repeated to London and Bonn and pouched to the other NATO capitals.

¹ The verbatim (C-VR (59)50) and summary (C-R (59)50) records of this session, both dated December 17, are *ibid.*, Conference Files: Lot 64 D 560, CF 1559 and 1558, respectfully.

² The undated draft resolution accepting Admiral Wright's resignation and requesting nomination of a U.S. officer to be his successor is *ibid.*, CF 1567.

³ See footnote 7, Document 239.

interventions made previous day. Text of defense resolution as approved being transmitted separate message.⁴ Paragraph 3 accepted by Belgium in light of Belgian statements made during AR examination. Language paragraph 5 represents compromise, after considerable NAC discussion.

United States, United Kingdom, Canada and Denmark insisted they must have some flexibility make changes, and Denmark made clear for record that it was developing new defense system and could accept language paragraph 5 as approved only if understood that Denmark might reduce size of forces on condition appropriate NATO authorities agreed no loss effectiveness involved. Strauss and Spaak both warned strongly against exploitation of such flexibility to make unilateral reduction in NATO commitments under facade of alleged maintenance combat effectiveness.

Defense Ministers' meeting anticipated for next March in paragraph 8 primarily intended consider report (described previous message)⁵ on discussions between SACEUR and French Government regarding nuclear weapons and air defense. Spaak made it clear that Permanent Council would arrange timing and terms of reference Defense Ministers' meeting.

[3 paragraphs (20 lines of source text) not declassified]

Wigny read statement on Belgium aid to and political objectives in Congo,⁶ described political conflicts in area, and referred to Belgium's growing financial burden in this area. Circulated pamphlet on Congo to Council.⁷ Expressed confidence Belgium has NAC support for program and objectives in Congo.

At invitation of Turkish Government it was agreed that next Ministerial session of Council will take place in Istanbul in May 1960.

⁴ Document 243.

⁵ Not further identified.

⁶ Wigny's statement has not been found.

⁷ Not found.

243. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 18, 1959, 5 p.m.

Polto 1180. From USDel. Following is resolution on defense (C-M(59)24) adopted by Ministerial NAC on December 17, 1959:¹

Begin Text.

The North Atlantic Council

1. Having taken cognizance of the report on the 1959 Annual Review and of the Military Committee's comments on the results of the review contained in MC 39/11;²

2. Considering that any deterioration in the current military posture of the Alliance would jeopardise the security of member countries;

3. Adopts as firm goals the force plans for 1960, indicated by countries in their replies to the 1959 Annual Review Questionnaire (1) and recapitulated in the summary force tables (2), to which each country has committed itself;³

4. Having noted the provisional goals for 1961 and the planning goals for 1962 indicated by member countries in their replies to the 1959 Annual Review Questionnaire, emphasises that the firm, provisional and planning national goals frequently fall short of the minimum forces required by the NATO military authorities;

5. Takes note that some countries have indicated an intent to re-examine their force plans for 1960 with a view to possible improvement, and that each member country has committed itself to refrain from measures of any kind which might either reduce the size or modify the quality of the contribution which it has firmly undertaken to make to the Alliance during 1960, except by agreement with the appropriate Allied authorities;

6. Agrees that the overall evaluation of the results of the military studies which are being carried out in support of the resolution on defense C-M(58)170⁴ should be completed and forwarded to the Council for consideration not later than 1 May 1960 and to this end invites mem-

Source: Department of State, Central Files, 396.1-PA/12-1859. Secret; Priority. Repeated to London and Bonn and pouched to the other NATO capitals.

¹ See Document 242.

² See footnote 7, Document 239. MC-39/11 has not been found.

³ The 1959 Annual Review Questionnaire and summary force tables have not been found.

⁴ See Document 180.

ber countries to complete their discussions of the studies with the major commanders as early as possible;

7. Invites the Permanent Council to examine the various proposals put forward by Ministers during the course of the present meeting with a view to increasing the effectiveness of NATO defence;

8. Resolves that the results of this examination shall be submitted to the Ministers of Defence who might meet for this purpose during March 1960. *End Text.*

244. Memorandum of Conversation

US/MC/20

Paris, December 21, 1959, 9:30 a.m.

MEETING OF HEADS OF GOVERNMENT

Paris, December 19–21, 1959

PARTICIPANTS

United States

France

The President
Ambassador Houghton
Lt. Col. Vernon Walters

Prime Minister Michel Debre

SUBJECT

Military Integration

In the course of a conversation with the President on another matter¹ Mr. Debre said that he wanted to talk to the President about military integration. In recent years France had been threatened with disappearance as a national entity in the European Defense Community and some other concepts of Western European unity. This had given the word "integration" a bad connotation. The President jokingly said "like

Source: Department of State, Conference Files: Lot 64 D 560, CF 1569. Secret; Limit Distribution. Drafted by Walters and approved by the White House on March 24. The meeting was held at the U.S. Embassy Residence.

¹ Eisenhower and Debré discussed the Algerian resolution in the United Nations. A memorandum of their conversation is *ibid.*

collaboration" and Mr. Debre smilingly said "Not quite as bad as collaboration". Mr. Debre also said that he wished to report to the President something General de Gaulle had previously said to him, namely that the military commanders must have a sense of responsibility toward their own country and not have this feeling completely diluted. The President said that he had been in touch with officers serving in integrated forces for many years and he knew of no case where this service had in any way lessened their sense of duty towards their own country. Certainly in the case of our own officers this service had not in any degree lessened their loyalty and sense of responsibility towards the United States. Mr. Debre said that in these technical and operational matters where close coordination was required there would be no difficulty on the part of the French. It was only where this sense of responsibility toward one's own country was concerned that they had reservations.

The President then spoke at length concerning the changed face of war, the speed at which events would move and the absurdity of thinking there would be one air battle on the Rhine and a completely different one in France. He wished to assure Mr. Debre that no one was more mindful of the prestige, interests and future of France than he was. His strong feelings on this matter were not merely the result of his experience as a soldier but also the result of his long friendly and close interest in France and her future.

Mr. Debre said that all French people recognized this.

The President then said that he would be very happy if General Norstad were given an opportunity to explain the technical details of his air defense plan. Mr. Debre said that for the next 15 days he had a very rough time ahead with his Parliament and Ambassador Houghton could confirm this, but he would be happy to see General Norstad in January and discuss these matters with him. The President said he would be very happy if General Norstad were given this opportunity of presenting this plan to General de Gaulle and to Mr. Debre.²

²In a memorandum for the record, prepared on December 29, Goodpaster wrote that he called Norstad on December 21 at the President's request to ask him to arrange an appointment with de Gaulle at which time he would present "a specific and detailed exposition of integrated air defense." Later he called Norstad again after the President's meeting with Debré to say that the latter had asked that Norstad see de Gaulle and himself in January. (Eisenhower Library, Project Clean Up, France, Vol. II)

245. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, December 22, 1959, 9 p.m.

Polto 1215. Following are highlights of NATO Ministerial Meeting Dec 22. Full report later.¹

After exposition by Couve on behalf of four of positions and actions taken in last three days,² meeting was marked by strong expression from majority smaller NATO countries warning against political directorate being assumed by four or three major powers. While satisfactory NATO communiqué³ finally adopted after reassurances by US, UK, and France, meeting reflected strong small-power opposition to French-inspired idea of tripartitism. Principal point of objection centered in language of letters sent to Khrushchev suggesting series of summit meetings to discuss main problems affecting attainment peace and stability in world.⁴ To a number of Ministers not members of four, this suggested a precedent for discussion, and perhaps negotiation, of major world problems affecting all countries by four major powers. In addition, it was pointed out that this concept marked a new departure in giving respectability to USSR as an arbiter in world affairs. Another point objected to was concept of an open agenda for East/West summit, which some members considered dangerous.

Communiqué on new economic proposals issued Dec 21 also came in for criticism, principally with respect to composition of informal meeting to be held in Paris in near future.⁵ As result pressure on this score, France (Couve) finally stated that meeting proposed for Jan 13 would be a working party and one-shot operation to consider proposals to put before OEEC Ministerial meeting on following day.⁶

Source: Department of State, Central Files, 396.1-PA/12-2259. Secret; Niact. Repeated to London and Bonn and pouched to the other NATO capitals.

¹ The "full report" may refer to the verbatim record (C-VR (59)51) which is *ibid.*, Conference Files: Lot 64 D 60, CF 1568.

² Reference is to the Western Heads of Government Meetings in Paris December 19-21.

³ For text of the communiqué, December 22, see Department of State *Bulletin*, January 11, 1960, pp. 44-45.

⁴ Eisenhower's letter to Khrushchev, December 21, stated that he, de Gaulle, and Macmillan "agreed that it would be desirable for the four Heads of State or Government to meet together from time to time in each other's countries to discuss the main problems affecting the attainment of peace and stability in the world." (*Ibid.*, p. 44)

⁵ For text of this communiqué, which called for a special meeting in Paris to consider trade and aid to less-developed nations, see *ibid.*, p. 43.

⁶ The Special Economic Committee met on January 12 and 13, 1960, and the OEEC Ministerial Meeting met on January 14, 1960. See Documents 95 ff.

As result pressure for more thorough consultation and coordination of policies NATO-wide in preparation for summit it was agreed, on motion by Greece, that all WG reports would be submitted to NAC before decisions finalized; also it was agreed that NATO I.S. Rep should be observer on WG for East/West relations.

Throughout meeting, reassurances by US and UK, with France a reluctant third, were received with expressions of confidence in purposes and objectives of Western four, but without relinquishing point that public and parliamentary opinion in smaller countries requires closest consultation and coordination throughout period of summit preparations in order to achieve essential unity of Western position at summit.

Will submit suggestions on handling economic matter tomorrow.

Burgess

246. Letter From the Permanent Representative to the North Atlantic Treaty Organization and European Regional Organizations (Burgess) to Secretary of State Herter

Paris, December 26, 1959.

DEAR CHRIS: Since the spirited debate in the Ministerial Meeting on last Tuesday morning¹ we have been taking stock and getting further reactions, though most of our colleagues are now out of town.

It would be easy to interpret this "revolt" as merely an expression by the smaller powers of NATO of a desire for greater prestige through participation in Summit preparations. There was, of course, some of that psychology, but comments we have received along with the full report of the meeting show that it had much deeper sources.²

First, I think the reaction was touched off by fear of de Gaulle's "triumvirate". They are deeply afraid that we may fall in step with this idea, and the communiqué of the Big Four meeting³ sounded like that to

Source: Department of State, Central Files, 396.1-PA/12-2659. Secret; Official-Informal.

¹ See Document 245.

² See footnote 1, Document 245.

³ For text of the final communiqué issued at the conclusion of the Heads of State and Government meeting on December 21, see Department of State *Bulletin*, January 11, 1960, pp. 43-44.

them, particularly the commitment to a series of meetings and the breadth of the agenda, both of which went beyond proposals submitted for consultation.

Second, there is clear evidence that these countries were reflecting their own political problems.

It is noteworthy that Greece and Turkey took the lead in the debate. Greece is carrying a very heavy defense burden for her in face of strong left-wing and communist opposition. Communist guerrillas are on her frontier. Any flavor of détente or implication of lack of importance of Greek efforts could bring a fall in government.

Turkey is constantly tempted by Soviet approaches on credit or trade. To stand up against these takes much political courage. The Turks felt that the broad proposals in the letter to Khrushchev ran the risk of undermining this position.

The Belgian government, as we know, has a very serious political problem in getting appropriations to support their NATO commitments.

Certainly, we have always taken the internal German political problems very much into consideration with regard to anything concerning Germany. What the smaller allies were reflecting was similar problems, which it is all too easy to overlook unwittingly. Retaining the firm support of these "committed" countries is, we all know, as important as an appeal to the "uncommitted."

The request for closer consultation, put forward so strongly, is one which we should take very seriously. I would hope that the United States would take the lead in insisting on the fullest and frankest prior NATO consultation on preparation for the Summit.

As to the techniques for consultation, there should of course be regular reports. This, I believe, should be supplemented by personal contacts. Some of the sub-committees might well meet in Paris. There should be visits of people between this mission and the working groups.

Please forgive me if I also suggest that at the next Western Summit this mission should be tied in more closely than it was this time. We should be able to identify and help avoid some of the rocks in the road.

Sincerely yours,

Randy

**247. Letter From the Supreme Allied Commander, Europe
(Norstad) to President Eisenhower**

Paris, January 7, 1960.

DEAR MR. PRESIDENT: I was delighted to see you looking not only well, but extremely well, when you were here in Paris just before Christmas. After your strenuous trip you had reason to be tired, but certainly gave no appearance of it. Believe me, this was reassuring to everyone.

You will recall that just before your taking off we discussed briefly a meeting between President de Gaulle and myself on the question of air defense.¹ I followed this up immediately after your plane left by talking to Debre, who indicated that his office would take the initiative in setting up the meeting and that it would probably take place about the 8th or the 9th January.

I understand that it is now de Gaulle's plan to return to Paris about the 15th of January, at which time he will be briefed by Mr. Guillaumat, the Minister of Defense. Shortly after that there will be a major meeting of the Defense Council. From this schedule it appears unlikely that I will meet with the President before the 20th of January or even later. While this does not follow the schedule which I think you had in mind at the time we talked, it is perhaps best to permit a normal foundation to be established on the French side.

Air Defense was highlighted at the December Ministerial meeting of NATO not because it is the only problem or the greatest military problem of the Alliance, nor even the most urgent, but rather because it was a symbol of the principle of collective security. It is important and it has an urgency, it is true, and thus it makes an extremely useful foundation for a discussion on a somewhat broader basis. I propose, therefore, to give to President de Gaulle a rather complete picture of the NATO military status, but to do so on the basis of providing a context in which to consider the problem of air defense.

I am sure you have been told that at the Ministerial meeting the French agreed to consider the Air Defense technical papers now current² with a view to seeing whether they provide a basis for a higher degree of unification in the Alliance. The NATO Council charged the French authorities with doing this promptly and directed that a report be submitted to the Council not later than two months after the adjournment of the meeting. From what I have heard informally, the French

Source: Eisenhower Library, Whitman File, Administration Series, Norstad. Secret.

¹ No record of this conversation has been found, but see footnote 2, Document 244.

² Not found.

authorities are giving considerable attention to air defense at the present time and, at least on the Ministerial level, seem to hope for a fair measure of success. I must admit that I find no basis for any great optimism. You may have noted that just within the last few days Couve de Murville, speaking for the Assembly, said: “. . . To give, both in peacetime and in war, over the entire French territory, the authority—meaning in particular the right to open fire—to a Commander-in-Chief who is not directly under the orders of the French Government, for purposes as vital as Air Defense, that is a matter which poses for our government a problem the seriousness of which I ask the Assembly to understand. Great Britain faced that question under similar conditions, and a solution was found for her. The solution for France is more difficult, considering her geographical situation. I hope that the discussions which are going to take place will enable a solution to be reached.”³

This language would appear to express a hope, but at the same time Couve may be destroying the foundation on which such a hope must be based. I remind myself, however, that the speech was made in answer to some of the strongest criticism that has been directed against the present French administration and it was made, of course, for political purposes.

Rest assured that I will do my best to contribute to removing this source of irritation. I cannot promise success, but I will at least not aggravate the situation further. You will be kept informed of the meeting with President de Gaulle and of any other significant developments.

With warmest regards and respects,
Sincerely yours,

Larry

P.S. In connection with another Franco-American-NATO problem, the Mediterranean Fleet, you may be interested in reading the enclosed copy of a letter which I have just sent to the Chairman of the U.S. Joint Chiefs of Staff.⁴

³ Ellipsis in the source text. Couve de Murville made these remarks in the National Assembly on December 29.

⁴ In the enclosed letter to Twining, January 7, Norstad referred to a recent French proposal tabled in the NATO Standing Group on the French fleet in the Mediterranean. Norstad believed that “the French may be moving toward a proposal to take the Mediterranean, or the Allied forces in the Mediterranean, out of the NATO context.” He further believed that “the present Fleet question can be settled quietly within about 30 days of the time the Standing Group releases it to me for action or the problem passes to me in default of a Standing Group decision.”

248. Letter From President Eisenhower to the Supreme Allied Commander, Europe (Norstad)

January 11, 1960.

DEAR LARRY: Thank you very much for your letter of the seventh.¹ I think that in replying I can do no better than to give you a brief record of the impressions I formed after my talk with General De Gaulle on the subjects that your letter brings up.²

The item that the General and I discussed at greatest length was that of coordinating the air defense in the NATO area. I told him that, as far back as World War II, I found it was necessary to develop a system for effective coordination in this field. I pointed out that with the improvement of weapon systems, both interceptors as well as the ground to air weapons, and with the reduction of the time element, single control was far more important than ever before. I said that unless we had a single control in this vital field, it would be impossible to concentrate available defensive forces at the point of greatest danger; for example, if France were the principal target, we could not, without pre-arranged defense plans under single control, concentrate available forces from other nations to help in the battle.

To this kind of presentation he countered with the hypothetical case that Italy might be attacked, and then all of the French aircraft would be sent to that place, leaving the whole of France defenseless. I argued that a commander responsible for operations along a great front had two things to do: to keep in place those formations that would always be necessary for local defense, particularly his short-range interceptors and air defense missiles, and secondly, to keep abreast of all intelligence so as to concentrate in timely fashion at the point most seriously threatened.

Beyond all this, I talked to him about the great need for coordination between the missile and the interceptor. I think that as far as technique is concerned, he knows that the theory of a single command is correct; he commented that operation conducted under the authority of a "Council of War" had always been inefficient.

His great preoccupation is the glory and prestige of France. He argued, among other things, that no man in uniform can develop real enthusiasm for serving in any such amorphous organization as an "Allied command." He said that patriotism and morale are built around nationalistic considerations. Because of this he said that the "defense of France

Source: Eisenhower Library, Whitman File, ACW Diary. Secret.

¹ Document 247.

² See Part 2, Document 150.

is a French responsibility." Finally, he argued that what you were asking in what he called your "new" plan of air organization was something in addition to what you already had. He said that he was quite ready to let the matter stand as it is now arranged; he was objecting, however, to any further integration of French forces into NATO.

In this matter as well as in that of the Fleet, I argued that all nations and forces should be on an equal footing. I pointed out that American forces were in Europe as a result of a multilateral treaty providing for common defense. Unless we had a coordinated defense system, it was rather silly for American forces to be in Europe.

I urged that France take action tending to solidify NATO's determination, morale and organization, and should, by no means, do anything that would tend to set up centrifugal forces, which would inevitably work toward the weakening or even the destruction of the alliance.

I asked him to see you personally. He said that this he could not do until some time around the middle of January because of a very heavy schedule involving different types of work. Debre told me the same.³

In any event, I hope you can make some impression on him but I must admit that he seems to be singularly blind to the fact that if each nation is going its own way, this automatically destroys NATO. I am quite sure he would not want that—at least he says he does not so desire. He is, on the other hand, very keen on promoting the closer union and ties with Germany. It is possible that his objective in this line may be diminishing his respect for NATO. In any event, good luck.

Give my warm greeting to Isabelle,⁴ and, of course, all the best to yourself.

As ever,⁵

³ See Document 244.

⁴ Norstad's wife.

⁵ Printed from an unsigned copy.

249. Memorandum of Conversation

Paris, January 21, 1960.

PRESENT

General de Gaulle
General Norstad
Colonel de Rougemont
Lt. Colonel Vernon Walters

General Norstad thanked the President for receiving him and stated that this conversation arose as a result of talks between General de Gaulle and President Eisenhower during which it was felt that it might be useful if General Norstad talked to him on air defense and other matters. General de Gaulle then asked whether it was merely on air defense questions or on other things.

General de Gaulle said that the Atlantic Alliance was not in question, that it must be maintained as long as the Soviet threat endures, and especially now just before the Summit meetings we must not be divided.

General Norstad said he knew that General de Gaulle had been briefed by his own authorities, and he would like to touch on air defense matters, but also perhaps enlarge the picture.

General de Gaulle then said he would like to say a word about air defense himself. He said that there were two possibilities regarding war: first, there was general, strategic, nuclear war; and, secondly, something less than this which would involve fighting in Germany. The French were willing to give all the means and forces in this forward area for the battle in Germany, but if this battle were lost, the countries of Europe, France and Great Britain would still have to defend themselves. The first battle in Germany would be integrated and the second would not. There might not be much left and it might involve partisan-type fighting against occupation; but the governments should not be completely deprived of means to fight. They must preserve the national entity; and that was all.

General Norstad replied that SHAPE's policy was to preserve this national entity at the highest possible level. He discussed in general terms the organization of A.C.E., pointing out that integration was at the level of the largest national units, that is, Army or Corps; and that, simi-

Source: Eisenhower Library, Whitman File, Administration Series, Norstad. Top Secret. Drafted by Walters. The meeting was held in de Gaulle's office in the Elysée Palace. Attached to the source text is a copy of Document 250. Walters later recalled this conversation, although he mistakenly dated it in 1959 and added information on aerial intelligence, in *Silent Missions*, pp. 502-503.

larly, the ATAF's contained very large national components, such as 1st CATAC and Seventeenth Air Force. General Norstad then said that the most effective part of any air defense was, of course, the strike against the sources of enemy air power, such as airfields and missile-launching sites. He indicated in a general way some of the delivery systems and indicated that France would contribute both in aircraft and in missiles, and outlined the types of missiles that would be found in A.C.E. in 1963.

General de Gaulle asked whether the range of the Redstone was 250 miles.

General Norstad then spoke of the weapons situation in general terms, giving some orders of magnitude of availability of nuclear weapons and discussed SACEUR's atomic strike plan and means by which targets would be attacked.

General de Gaulle expressed considerable interest in this and commented that it was extremely well planned. He asked a number of questions relating to this matter.

General Norstad said that if at some later date General de Gaulle has some time available he would be happy to give him a further briefing on this subject, and General de Gaulle nodded.

The General spoke of aircraft on the alert and said he would like to come now to the air defense situation. *[3 lines of source text not declassified]* He then showed General de Gaulle a chart of the speed of penetration into the area of A.C.E. of enemy fighters flying at speeds of Mach 1 and Mach 2. General Norstad explained the function of the early-warning system and indicated that automatic or semi-automatic data-transmission equipment would be required, and one French-built system was under study; it was interesting because it used transistors rather than tubes, *[8-1/2 lines of source text not declassified]*

General de Gaulle then asked about the status of the British Fighter Command, and General Norstad replied that this was under SHAPE, but that the fighters could not be transferred outside the area of the United Kingdom without national agreement, and that this would also be true for the DAT.

General de Gaulle pointed out that the British had a different situation and were more independent. He asked under whom the DAT commander would serve, and was told that it would be under AIRCENT. He asked who AIRCENT was, and was told that it was Air Marshal Broadhurst.¹ He said that the British enjoyed their own special line of command and that he would want exactly what the British had.

General Norstad said that to do this would be an offense against judgment inasmuch as it would split the battle in the middle and did not

¹ Sir Harry Broadhurst.

make military sense. However, he understood that there might be political or other considerations that made this expedient for General de Gaulle and if he needed it, General Norstad would be willing to accept this and support it before the Military Committee, if this was what General de Gaulle wanted. He explained that he did not like the system because it was not the most effective one, but if General de Gaulle felt that he had to have this, General Norstad felt that, with the cooperation of the French Air Forces, something satisfactory could be worked out that he could support.

General de Gaulle said that this would still be different from what the British had and they had certain special advantages. General Norstad replied that there were none that the French could not have, that he had negotiated this matter himself, [2-1/2 lines of source text not declassified]

General Norstad pointed out that CINCAIRCENT was directly under General Valluy, a French officer, who would certainly wish to insure coordination of this matter. Furthermore, CINCAIRCENT had a Deputy of Air Defense. None of these positions in NATO were assigned by countries, but generally they were given to officers of the same nationality, and for four years this Air Defense Deputy had been a French General Officer, and was currently General Pelissie of the French Air Force.

General Norstad then said that another French Officer, General Valluy, controlled a very large percentage of the nuclear weapons available to A.C.E. in time of war. General Norstad also pointed out that if an intrusion took place, basically, the decision to engage the intruder would be made by the sector controller, and if this took place over France, this sector controller would be a Frenchman under the DAT; but it was essential that all of the information, data and means for the air defense of Europe be employed as a whole in order to insure their most effective use.

General de Gaulle then asked, "Why was this not settled before I arrived, and why is it so important to you? After all, the French contribution is not large, and why do you attach so much importance to this question?"

General Norstad said that all of the other countries had agreed that the best defense can be furnished by NATO by defending it as a unit, that the French contribution to NATO was not critical, but that the defense offered by NATO to France was critical and that maximum effect would be obtained in air defense if all of the available forces were used as one. He explained that General Eisenhower, in his original terms of reference, had been assigned responsibility for air defense in the zone of the land battle. This had meant, in effect, Germany. Germany at that time was not a part of the Alliance and did not have much to say. Subsequently, in 1955, General Gruenther had been assigned responsibility

for the coordination of air defense from a planning point of view. General Norstad stated that when he had been at Fontainebleau he had endeavored to obtain Netherlands, Belgian and French agreement to place at least a forward part of their areas under a common air defense set-up and they have agreed to do so. Although there had been some difficulties, due to national sensibilities, particularly as between the BENELUX countries and France, these had been surmounted. With the shrinkage of time due to the increases in aircraft speeds, the problem has become more acute, and last year he had felt obligated to accept the responsibility for an integrated air defense, an additional load he did not particularly wish to assume.

General de Gaulle then asked under whom the U.K. Fighter Command would operate, and General Norstad answered under SHAPE and that if General de Gaulle desired that this be the case with the DAT he would be willing to do it on this basis.

General de Gaulle nodded and said, "We will see what we can work out."

General de Gaulle asked General Norstad what he thought of the recent Russian missile launchings into the central Pacific. General Norstad stated that this was an impressive achievement and that they had fallen quite close to the target, *[less than 1 line of source text not declassified]*. General de Gaulle asked whether they had been fired from the Caspian Sea area, and General Norstad indicated that he believed they had been fired from a range just north and east of the Caspian.

General Norstad then recalled the President's recent statement concerning the reliability and accuracy of the last 15 Atlas firings.² General de Gaulle said he has no doubt concerning this. He was just inquiring to get a general idea of what the Russians had done.

General de Gaulle thanked General Norstad very warmly for coming and talking to him about these matters.

General Norstad again repeated that he would be available to give General de Gaulle a fuller briefing on the Strike Plan at a later date, if the General so desired, and General de Gaulle nodded. General Norstad said he understood that General de Gaulle did have problems. General de Gaulle said that he did indeed have problems, and that they were moving quickly. General Norstad said he hoped they were not too difficult, and General de Gaulle nodded rather sadly and said that they all wound up the same way.

²Reference presumably is to Eisenhower's annual budget message to Congress on January 18, in which he noted that the Atlas ICBM was now operational.

He then walked to the door with General Norstad, thanking him again for this explanation, and saying again how impressed he had been with the thoroughness of the organization of the Strike Plan.

Subsequently, in an adjoining room, General Norstad said to Colonel de Rougemont that his offer was firm to place the DAT directly under SHAPE and separate the DAT from the forward area in Germany, even though this ran counter to his judgment and split the battle in the center; if this was what General de Gaulle wanted, he would accept it, defend it before the Military Committee, and attempt to work it out on this basis. He stated that he desired that his firmest language be recorded for the French minutes in this respect. He also said that he would re-work MC 54/1³ in such a way as to eliminate the expression "integration" and substitute some other phrase, such as "unification" or "centralization." He asked that Colonel de Rougemont note this in speaking with the French national authorities.

³ Not found.

250. Memorandum of Conversation

Paris, January 23, 1960.

PRESENT

Prime Minister Debre, Mr. Guillaumat, General Ely, General Puget,¹ Col de Villemain, Mr. Racine, LtCol Walters, Major ———²

After a pleasant lunch during which no substantial matters were discussed, while coffee was being served the Prime Minister said he understood that General Norstad had seen General de Gaulle two days before and had talked with him concerning air defense.³ General Norstad said that he had, in fact, had a good talk with General de Gaulle concerning Air Defense matters and he had also discussed SACEUR's atomic strike plan with him, and that this had seemed to interest General de Gaulle very much.

On the subject of Air Defense, General de Gaulle had indicated that he would like to have for the French DAT a status analogous to the

Source: Eisenhower Library, Whitman File, Administration Series, Norstad. Top Secret. Drafted by Walters. The meeting was held in the Prime Minister's office.

¹ General André Puget, French Deputy of the Air Staff.

² As on the source text. General Norstad was also present.

³ See Document 249.

status of the British Fighter Command. General Norstad said that he had told General de Gaulle that this was an offense against judgment, splitting the battle in the middle, but that if General de Gaulle for other considerations felt that this was necessary, he, General Norstad, was prepared to accept this, to support it, and to make it work. Under such a status the DAT would be directly under SHAPE instead of under AIRCENT and, therefore, CINCENT, who was a French officer. At the present time AIRCENT's air defense deputy was and has been for the last four years a French officer. While these posts were not fixed by nationality, generally they went to officers of the same nationality, and presumably this officer would continue to be French in the future. Mr. Debre inquired whether AIRCENT was a British officer and was told he was. He said the thinking of the French Government was that they should retain at least some element of air defense under national control. General Norstad pointed out that under MC 54⁴ national identities were retained, and that certain safeguards were included, namely, aircraft could not be brought into or diverted out of areas such as Fighter Command or DAT without prior national consent. General Norstad stated that he was thoroughly acquainted with this arrangement with Fighter Command because he, himself, had negotiated it with Mr. Macmillan. He had written a letter on this subject concerning Fighter Command's arrangement, and had given it to General Beaufre for circulation to the French authorities.⁵ There were no other arrangements for advantages other than those mentioned in MC 54/1.⁴ General Norstad repeated that the solution desired by General de Gaulle was not the best militarily, although it could be made to work and pointed out that it would diminish French influence in the Central European area and in the whole question of air defense. That at the present time, the air defense deputy to AIRCENT was a Frenchman. If the French were not in the Air Defense setup, it would be difficult to retain a Frenchman in this job and it would probably pass to some other nationality. Mr. Debre then inquired as to the measure of General Norstad's control over Fighter Command. The General explained this and indicated that the same could be done for DAT. General Puget at this point said that in point of fact Fighter Command does deal with Central Europe for coordination. General Norstad indicated that aircraft flying at speeds of Mach 2—which is a present capability—would be over Paris 15 minutes after crossing the iron curtain, and with the time space element this indicated, one could not fight a series of battles, but rather a single battle. Mr. Debre stated that he under-

⁴ Not found.

⁵ Norstad's letter to General André Beaufre, Deputy Chief of Staff, SHAPE, has not been found.

stood this. General Norstad then said that he had understood that General de Gaulle desired to have a status for the DAT similar to Fighter Command and that it would be directly under SHAPE. However, there was an intermediate solution between what was proposed in MC 54 and what General de Gaulle had asked for, which might be even more acceptable to the French, and this would be for him as Supreme Commander to delegate his authority for coordination between a new 5th Region that would be created for the DAT and Air Defense in the forward areas of Germany to CINCENT, who was a French officer, General Valluy. This would also be more effective from the military point of view than trying to put General Norstad's headquarters into detailed coordination work, upon which they should really not be engaged.

General Norstad said he felt they should not get into technical details at this time before obtaining broad agreements on basic principles, and he was prepared to send a letter to Mr. Guillaumat or to General Ely, in which he would set forth his ideas on how this matter could be handled in a manner which would be acceptable both to the French and himself, and which could be militarily effective. General Ely said that the French were thinking of designating General Jouhoud⁶ to discuss these matters with General Norstad. The General said he felt that it would be helpful if they could get general agreement before going into detailed negotiations. General Ely said that this would be quite acceptable to him and that he would await Gen. Norstad's letter.

Mr. Debre then asked whether the General had discussed the question of the Mediterranean fleet with General de Gaulle. General Norstad replied jokingly that his admission ticket to General de Gaulle had read "Air Defense" so he had not felt that it would be appropriate to take up other matters unless General de Gaulle had raised them, which he did not. Mr. Debre then asked whether it would be possible for the French Admiral in the Western Mediterranean to wear two hats, as a NATO Commander and one as a National Commander. General Norstad said that he felt this could be done and added, smilingly, that some Frenchman might hold him to an offer he had made previously, namely, to place MEDOC directly under SHAPE as a major subordinate command, and the MEDOC Admiral could also have a French national. He likewise offered to write a letter to General Ely on this subject and the French agreed that this would be useful. General Norstad then said that there was one additional matter which put him in an extremely difficult position and which he hoped they would not regard as a form of pressure on his part, and this matter was Bizerte. He had extended the period for the use of ten million pounds of infrastructure funds for six

⁶ General Louis Jouhaud, Chief of the French Air Staff.

months. This had expired on the 31st of December. There was another month's extension under way. If a solution could be reached on the Mediterranean, it would give him a plausible justification for a further extension of the time period for the use of these funds. If there were no French forces in the Mediterranean under NATO, it would be difficult for him to certify that a NATO requirement existed for the expenditure of these funds. He hoped that they would not regard this as pressure on his part to influence their decision, but rather to influence the timing of their decision, inasmuch as he had to make a recommendation on the employment of these funds in the near future. Mr. Debre stated that he understood this and that they would await General Norstad's proposals. He said he felt that this conversation with General Norstad had been a very good and very useful one. He said that he had problems at the present time but felt he would surmount them. He stated twice "February will be a very good month." He thanked General Norstad for what he had told them, and General Norstad then left.

Outside the conference room General Ely indicated to General Norstad that the French did not expect Admiral Barjot⁷ to live a great deal longer and would like to replace him with Admiral Ortoli,⁸ but that for human reasons no mention should be made of this at this time. General Norstad said that he hoped no mention would be made because it would certainly crush Admiral Barjot. However, if he had no French naval forces under him, it would be difficult for him to justify a French Naval Deputy, but that if a solution to the present Mediterranean problem could be found, he would be happy to accept any flag officer the French wished to designate for the post of Naval Deputy. General Ely said, confidentially, that the problem did not lie with Mr. Debre, who had made proposals even more favorable to SACEUR, but with General de Gaulle, and he hoped that General Norstad's conversation had served to clarify General de Gaulle's thinking. General Norstad then left the Prime Minister's office.

⁷ Admiral Pierre Barjot, Naval Deputy, Allied Command, Europe.

⁸ Vice Admiral Paul A. Ortoli, French Military Adviser to the SEATO Council.

**251. Letter From the Supreme Allied Commander, Europe
(Norstad) to President Eisenhower**

Paris, January 27, 1960.

DEAR MR. PRESIDENT: The meeting with General de Gaulle took place last Thursday afternoon,¹ lasted for an hour and 20 minutes in a friendly and constructive atmosphere, and appears to be leading to some concrete results. It seemed to me that he really wanted to reach an agreement or to arrive at an accommodation of views which would put an end to further dissension on the question of air defense. His attitude throughout was very good.

Rather than confuse the subject by writing another memorandum of the meeting, I am enclosing herewith a copy of Colonel Walters' notes,² which give quite an accurate impression of what took place. You will note that General de Gaulle spoke of two battles: the over-all strategic atomic exchange, and what he referred to as the "battle of Germany." In discussing the latter, he spoke of the development of that battle and the aftermath, which would lead to the battle of Britain and the battle of France, and ultimately, to guerrilla warfare, very much in terms of 1939-1945. For this reason, I was particularly pleased to have with me some charts and other information on our NATO weapons resources and a general outline of the NATO Atomic Strike Plan.³ He was clearly extremely interested in the subject, and I believe that it served the purpose of broadening his idea of "the battle." I must say that I spoke to him with the utmost frankness and at one time felt required to ask that he restrict the information to himself alone, not even passing it to members of his Cabinet. I felt this part of our talk was quite useful.

As stated in Walters' notes, toward the end of my presentation de Gaulle stated that he would like a solution for the French air defense, the DAT, parallel to that provided for the U.K. Fighter Command. I agreed that this could be accomplished. However, I did consider it necessary to point out that militarily such a solution was unsound, a point with which I feel he agreed. Since both of us knew that I was meeting with Debre just two days later to discuss this subject more in detail, we did not work out between us any of the details.

Source: Eisenhower Library, Whitman File. Top Secret. The source text bears the President's initials.

¹ January 21.

² Document 249.

³ Not further identified.

I am also inclosing a copy of Walters' notes on the meeting with Debre on 23 January,⁴ which continues with the subject and raises the question of the French Mediterranean Fleet. A copy of my letter to General Ely in response to Debre's request is also enclosed.⁵ All in all, I think we are making substantial progress on the question of air defense. In fact, we are doing considerably better than I anticipated.

I am obligated to send a memorandum on a possible solution to the Mediterranean Fleet question, but I am still tossing this around in my mind. It is not impossible, given the present attitude, that we may find a formula whereby the French Fleet may be returned to the previous status of commitment to NATO, in exchange for at least the appearance of a little more independence and a somewhat more important role. I will keep you advised of any success we have in this direction.

To sum up the meetings with de Gaulle and Debre, I think your words to these two gentlemen when you were here in December may very well prove extremely productive. I will keep you posted on the progress we make. I must say, also, that Colonel Walters was an indispensable aid, since he had a good background on the subject and this fact, together with his talents as an interpreter, permitted us to avoid the heavy atmosphere that normally characterizes a discussion which must be carried on in two languages with complete and independent interpretations. He did an extremely fine job.

The situation in Algeria is still uncertain, although I believe that de Gaulle will inevitably win. I remember Pug Ismay⁶ remarking that there once was an officer who was so stupid that even his fellow cavalrymen noticed it. I think that this remark may apply to the Massu case,⁷ since the timing and the nature of his action was so gross that even the Paratroopers must surely understand why the Government had to take the action it did. If the Government can hold control in Algiers, what now looks like a revolt may become merely an incident, and the air may be cleared as a consequence. Unfortunately, the FLN is apt to take advantage of this rift between Frenchmen and thus possibly delay further the next step toward a solution of the Algerian problem.

With warmest regards,

Sincerely,

Larry

⁴ Document 250.

⁵ Not found.

⁶ Baron Hastings Lionel Ismay, NATO Secretary General, 1952–1957.

⁷ Critical statements of de Gaulle by General Jacques Massu, commander of French troops in the Algiers sector of Algeria, and his subsequent recall by de Gaulle on January 22 precipitated a short-lived revolt among elements of the French Army in Algeria opposed to de Gaulle's Algerian policy.

Since writing the above, the failure of the Army to deal promptly with the situation has caused a serious deterioration. Every hour of inaction on the part of the authorities makes the problem a more difficult one. LN⁸

⁸ The postscript is in Norstad's handwriting.

252. Editorial Note

The Defense Ministers of the 15 NATO countries met in Paris March 31–April 1 to discuss military matters of mutual concern. The conference was held in response to the defense resolution (C–M(59)24) adopted by the Ministerial Meeting on December 17, 1959; see Document 243.

The U.S. Delegation to the conference was headed by Secretary of Defense Thomas S. Gates, Jr., and Permanent Representative at NATO W. Randolph Burgess. Other U.S. participants included John N. Irwin, II, Assistant Secretary of Defense for International Security Affairs, and Ivan B. White, Deputy Assistant Secretary of State for European Affairs. No full list of U.S. participants has been found.

Documentation on the Defense Ministers Conference is in Department of State, Central File 396.1–PA.

On March 30, the North Atlantic Council confirmed the agenda items and sequence as follows: A. Logistics in Peace and War; B. Cooperation in Research, Development and Production; C. NATO Defense Plans; D. Meeting the Defense Burden; and E. Other Business. (Polto 1954 from Paris, March 30; *ibid.*, 396.1–PA/3–3060)

The proceedings of the conference were summarized in Poltos 1973 and 1974 and Polto Circular 10 from Paris, all dated April 1. (All *ibid.*, 396.1–PA/4–160) Secretary Gates' statement on MRBMs at the morning session on April 1 is summarized in footnote 6, Document 254. For text of the conclusions on the first four agenda items, which the Defense Ministers agreed upon as an internal document, see Document 253. The Conference also issued a two-paragraph communiqué at its conclusion, printed in *Texts of Final Communiqués, 1949–1970: Issued by the Ministerial Sessions of the North Atlantic Council, the Defense Planning Committee, and the Nuclear Planning Group*, page 122. Secretary Gates' oral report on this NATO Defense Ministers meeting to the National Security Council on April 7 was summarized in an NSC memorandum of discussion. (Eisenhower Library, Whitman File, NSC Records)

253. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, April 1, 1960, 8 p.m.

Polto 1984. Department pass Defense. Following is text of conclusions agreed by Defense Ministers as internal document:¹

Begin Verbatim Text.

I. Logistics in Peace and War

The Ministers of Defense of the NATO countries, after discussion of document C-M(60)24,² submitted by the Federal Minister of Defense, recognize that in modern warfare which is decisively influenced by material and technical factors, operational control and logistical control are inseparable, and consider therefore that new concrete measures should be taken to improve the logistics situation.

To this effect the Defense Ministers:

(1) Invite the NATO military authorities:

(A) In consultation and cooperation with the appropriate national authorities, to study the logistic and training problems referred to in the memorandum by the Federal Republic of Germany, C-M(60)24, in particular:

(I) The logistic and training requirements needed to raise, train and maintain in time of peace, the NATO forces at the level determined by the North Atlantic Council,

(II) The logistic requirements needed for the subsequent phases of a war. The study in each case should in addition to quantitative factors cover the organization of logistic support and training facilities.

(B) To report on the above lines to the North Atlantic Council in permanent session within two months, thus enabling the Council to discuss the ways and means by which the logistic and training requirements thus defined might be met. In particular, the report should contain the conclusions and recommendations of the NATO military authorities on the following measures:

(I) Creation of integrated logistical centers within the major allied commands,

(II) Common storage, logistical support, spare parts stocks and maintenance for all "advanced weapons",

Source: Department of State, Central Files, 396.1-PA/4-160. Secret; Priority. Pouched to the other NATO capitals.

¹ The Defense Ministers Conference met March 31-April 1; see Document 252.

² None of the NATO documents cited in this telegram has been found.

- (III) An integrated depot infrastructure on a NATO-wide basis,
- (IV) Arrangements for the joint use of training facilities.

(2) Invite the German Federal Republic to inform the Council within 3 months on the progress of the bilateral or multi-lateral negotiations, which their NATO allies have agreed to conduct with them, for additional training and storage facilities required for the German forces. This report should bring out the problems which remain unresolved.

II. Co-operation in Research, Development and Production

The Defense Ministers:

1. Propose that the Armaments Committee should draw up a list of approximately twenty projects either at the research and development stage or at the production stage, should take the necessary steps to implement the projects which are selected and should report to the Council on this matter every six months.

2. Agree that an attempt should be made to eliminate duplication at the research and development stage and that for this purpose a system of regular exchanges of information should be introduced to ensure a wider knowledge of the efforts undertaken by each country and propose that, to this end, exchanges of information on research and development be intensified, under the guidance of the Armaments Committee, if necessary by organizing special study groups.

3. While recognizing the value of the suggestion put forward by the Federal Republic of Germany (C-M(60)23) note that the creation of a technical-military agency under the Standing Group is not at present feasible, and therefore propose that this suggestion should be reconsidered when the Armaments Committee and the NATO military authorities have tried out during 12 months the procedure established by the Council (C-M(59)82).

4. Propose that the Armaments Committee should meet whenever necessary at the level of the senior national officials responsible for armaments matters.

III. Defense Planning

The Defense Ministers invite the Military Committee to examine the paper submitted by the United Kingdom Defense Minister on NATO defense planning C-M(60)29, and the remarks and suggestions made during the discussion of this document, and to submit a report to the Council before 1st July with their conclusions in particular as regards the consequences which the implementation of the principles contained in that document may have and their recommendations thereon.

IV. *Sharing of the Defense Burden*

The Defense Ministers:

After reviewing the various proposals on procedure put forward in the course of discussions with regard to follow-up action on document C-M(60)27 submitted by the United States Secretary of Defense on the subject of meeting the defense burden, recognize the need for a more effective effort and invite the Permanent Council to consider specific measures and programs for obtaining further support for the defense effort as may be submitted by NATO members, to study the most appropriate solution and to report at the Ministerial Meeting of December 1960.

End Verbatim Text.

Burgess

254. Letter From the Supreme Allied Commander, Europe (Norstad) to President Eisenhower

Paris, April 20, 1960.

DEAR MR. PRESIDENT: You will recall that when we talked early in March I promised to send you word on the status of some of the NATO-French problems.¹ I have waited until the last moment in order to have the benefit of opinion on latest developments and attitudes here in Paris. I must admit at the outset that the situation has not changed significantly since I saw you.

You will recall that after your reference to the air defense problem in your discussions with de Gaulle in December, I talked to him and subsequently discussed the problem also with Debre, the Defense Minister, the Chiefs of Staff and other political and military authorities of France.² This led to agreement in principle that a plan should be worked out on the basis of Metropolitan France being a separate air defense region under SHAPE, with the relationship between this Headquarters and the French DAT being essentially the same as that with the British Fighter

Source: Eisenhower Library, Whitman File, Administration Series. Top Secret. The source text bears the President's initials.

¹ A memorandum of Eisenhower's March 11 conversation with Norstad is *ibid.*, DDE Diaries.

² See Documents 249 and 250.

Command. The technical authorities of this headquarters and the French military establishment worked together and arrived at a mutually satisfactory solution, carrying their work to the point of preparing the actual amendments to the paper in question, MC 54/1.³ I forwarded this technical agreement to the French Government on 5 March 1960, indicating my general approval.³ Since that time the paper has been in the office of the Prime Minister who, I understand informally and quite unofficially, has personally agreed to it, as have the other French authorities. I am informed, again very unofficially, that Debre has raised this subject twice with de Gaulle, on the 4th and again on the 8th of this month, and that each time de Gaulle has indicated that he will consider the matter later. As far as I can learn—my information may not be complete on this point—de Gaulle has not yet given real consideration to the specific proposal.

Since you were the one who really got him into this subject, it would be useful if you could apply a little pressure at this time.⁴ My suggestion is that you merely ask the status of the problem and again indicate your personal interest in the matter.

There have been no developments whatsoever on the Mediterranean Fleet question, although Debre assured me about three weeks ago that the French authorities were considering a further proposal. I believe I told you that a suggestion was made by France about two months ago which we could not accept as a basis for further consideration. Unofficially, even the French military agreed that it was not a useful proposal. I am waiting for France, but in the meantime no pressure is being applied. It is my suggestion that you not raise this point with de Gaulle and show interest but not anxiety if he raises the matter in discussions with you.

The problem of stocking atomic weapons in France is dormant as far as I know, and I believe that it would not be useful for the United States to take the initiative in reopening the subject at this time. By moving the nine squadrons out of France last summer and fall, we relieved the pressure on NATO and the U.S., and the pinch now comes on the French Forces themselves. I regret this, of course, but I think this difficulty will be resolved faster and with less acrimony if we let the French interests apply the pressure on the French Government. I hope that in the long run this matter can be settled, since bases and stockpiling in France would give us great advantages in flexibility, in depth of defense, and in the safety of critical units by virtue of wider dispersal.

³ Not found.

⁴ De Gaulle was scheduled to visit Washington April 22–26; see Part 2, Documents 165 ff.

The question of the medium-range ballistic missiles has preoccupied the French military authorities for some time, but I doubt if de Gaulle himself will raise this matter with you at this time. In the statement made by Secretary Gates at the Defense Ministers meeting in March, I believe the United States has taken a position with which it can live at least until there are some further developments on this side.⁵ I believe that there should be no bilateral discussions on this subject or bilateral arrangements with France or any other country until NATO has discussed it and taken, or at least indicated, an opinion or an attitude.

On atomic weapons cooperation, there has been, if anything, an increasing interest since the explosion of the two atomic devices in the Sahara, but it has not to my knowledge been of the high pressure type.⁶ The subject is normally raised on the basis that now that the French have exploded the weapons, some of the prestige requirements for independent action have been met and the development of an atomic weapons system will be extremely expensive in time, effort and money, which could be applied better to other things. The French state that conversion of this effort to other defense projects, for instance, would be possible if the United States could see its way clear to cooperate. Up to this time they seemed to have accepted the existence of the American law as a practical barrier to this type of cooperation in the near future, and by near future I mean at least the next year and a half or two years.⁷ John McCone was the last one to talk to de Gaulle on this particular subject,⁸ and from my conversations with John after his meeting, I gather that his reaction is not inconsistent with mine. He is, of course, the best witness on this point.

⁵ At the morning session of the NATO Defense Ministers meeting on April 1, Secretary Gates set forth two alternative U.S. proposals on MRBMs for NATO for the 1963–1965 period. The first, which he preferred, called for U.S. production of MRBMs for deployment under SACEUR control. The second alternative envisioned U.S. assistance to European multilateral production of MRBMs under NATO aegis to meet SACEUR requirements. The United States would share on a limited basis the cost of technical information, technology, and certain items necessary to initiate an MRBM production capability in Europe. The text of Gates' statement was transmitted in Polto 1970 from Paris, March 31. (Department of State, Central Files, 740.5612/3–3160) Changes in the text as actually delivered by Gates were reported in Polto 1978 from Paris, April 1. (*Ibid.*, 740.5612/4–160)

⁶ The first two French nuclear explosions took place in the Sahara on February 13 and April 1.

⁷ Reference is to the Atomic Energy Act of 1954, as amended on July 2, 1958; see Document 217.

⁸ No record of this conversation has been found. McCone had a meeting with French atomic energy officials on April 11; see Part 2, Document 163.

Gleanings from the Paris press and conversations with individuals suggest that the public feels two subjects will be given particular attention in Washington. One is the matter of atomic cooperation, and the other is the fundamental obsession with the tripartite directorate. When my contacts are asked if they look for any dramatic progress in these fields, they say very abruptly, "No."

[Here follows discussion of unrelated matters.]⁹

Sincerely,

Larry

⁹ In a letter to Norstad, April 29, Eisenhower thanked him for this letter. He said there "was no good opportunity to press the matter of air defense organization" during de Gaulle's visit but he did discuss with him several times the idea of an inspection zone. (Eisenhower Library, Whitman File, Administration Series, Norstad)

255. Editorial Note

The Ministerial Meeting of the North Atlantic Council, held in Istanbul May 2–4, was attended by all Foreign Ministers and NATO Permanent Representatives of the 15 member countries. The U.S. Delegation was headed by Secretary of State Christian A. Herter and included Permanent NATO Representative W. Randolph Burgess and advisers from the Departments of State and Defense. A list of the principal members of the U.S. Delegation is printed in Department of State *Bulletin*, May 23, 1960, page 842.

The most extensive body of documentation on this NATO Ministerial Meeting is in Department of State, Conference Files: Lot 64 D 559, CF 1650–1661. CF 1650 contains a set of memoranda of conversation between U.S. and foreign officials. Copies of Tosec and Secto telegrams are located in CF 1651 and 1652, respectively. Copies of Tocah and Cahto telegrams are in CF 1653. CF 1654 contains administrative and miscellaneous papers. Substantive and miscellaneous papers, including copies of statements, text of the communiqué, and talking papers, are in CF 1655. The Verbatim Records are in CF 1656; no Summary Records of this Ministerial Meeting have been found. CF 1657 is an administrative file concerning conference and delegation arrangements, procedures, and schedules. CF 1658 and 1659 contain briefing books. Orders of the Day

for May 1–4 are in CF 1660. CF 1661 contains a chronological record for meetings of the April 30–May 4 period. Telegrams and documentation on this Ministerial Meeting are *ibid.*, Central File 396.1–IS.

The May 2–4 Ministerial Meeting of the North Atlantic Council was preceded by the Ministerial Council meeting of the Central Treaty Organization at Tehran, Iran, April 28–30, which Secretary Herter attended. He left Tehran on April 30 and arrived in Istanbul at 6 p.m. For text of his arrival statement, see Department of State *Bulletin*, May 23, 1960, pages 840–841. At a dinner that evening hosted by British Foreign Secretary Lloyd, Herter discussed the postponement of the meeting on the Four-Power Working Group Report on the East-West summit. The discussion was reported in Secto 45, May 1. (Department of State, Central Files, 398.00/5–150)

At 10 a.m. on May 1, Herter and Livingston T. Merchant joined the British, French, and German Foreign Ministers in restricted session to discuss summit purposes and tactics. The memorandum of discussion (US/MC/3) is *ibid.*, Conference Files: Lot 64 D 559, CF 1650. Meanwhile, at 10:30 a.m., Theodore C. Achilles, Counselor of the Department, met with Monsignor F. Lardone, Apostolic Delegate in Istanbul, to discuss the Turkish political situation. The memorandum of that discussion (US/MC/5) is *ibid.*

Following their restricted session, the Foreign Ministers, including Secretary Herter, discussed preparations for discussion of Berlin at the forthcoming summit. Foy Kohler and Merchant also participated for the United States. The memorandum of discussion (US/MC/7) is *ibid.* At noon, Herter, Merchant, Philip J. Farley, and Charles C. Stelle, Deputy Representative to the Ten-Nation Disarmament Committee, met with Frederick M. Eaton, Representative to the Ten-Nation Disarmament Committee; and at 3 p.m., Secretary Herter, Merchant, Kohler, Achilles, Nolting, and Fessenden met with Ambassador Burgess. No record of these conversations has been found. At 3:30 p.m., Secretary General Spaak called on Secretary Herter; Burgess, Merchant, Kohler, Nolting, and Fessenden participated. The meeting was reported in Secto 49, May 2. (*Ibid.*, Central Files, 396.1–IS/5–260) At 5 p.m., Herter met with the British, French, Canadian, and Italian Foreign Ministers to discuss disarmament, reported in Secto 48. (*Ibid.*) An assessment of the Secretary's conversation with French Foreign Minister Couve de Murville during and after this meeting on a possible French proposal at the forthcoming summit on the control of nuclear delivery vehicles was transmitted in Secto 52. (*Ibid.*) The report of the five Western delegations to the Ten-Nation Disarmament Committee, dated April 28, is *ibid.*, Conference Files: Lot 64 D 559, CF 1665.

The Four-Power Working Group on Germany met at 5 p.m. U.S. participants were Kohler, Martin J. Hillenbrand, John M. McSweeney,

Acting Director of Soviet Union Affairs, and Colonel J.H. Scofield, a German expert at the Department of Defense. A U.S. memorandum concerning Berlin, dated May 1, prepared for this meeting is *ibid.* No record of the discussion at the meeting has been found. At 8 p.m., the U.S., British, and French Foreign Ministers held a dinner meeting; other U.S. participants were Merchant, Kohler, and McSweeney. Memoranda of Kohler's conversations with his British and French counterparts on summit procedures and briefing of the Germans (US/MC/1) and on summit preparations and discussion of tactics with the Germans (US/MC/4) are *ibid.*, CF 1650.

On Monday, May 2, German Foreign Minister von Brentano called on Secretary Herter; other U.S. participants were Merchant and Hillenbrand. A memorandum of their conversation on the Norstad inspection plan (US/MC/8) is *ibid.* At 10 a.m., the opening ceremony of the Ministerial Meeting began. Copies of the welcoming address by Turkish Foreign Minister Fatin R st Zorlu and a speech by Council Chairman Halvard Lange are *ibid.*, CF 1655. A telegraphic summary of their statements was transmitted in Secto 53, May 2. (*Ibid.*, Central Files, 396.1-IS/5-260) The Ministers then discussed item I(a) of the agenda, disarmament. (A copy of the agenda (C-A (60)18) is *ibid.*, Conference Files: Lot 64 D 559, CF 1658.) Herter opened the morning session by reading a message from President Eisenhower; for text, see Department of State *Bulletin*, May 23, 1960, pages 839-840. Lloyd, as spokesman for the five Western nations on the Ten-Nation Disarmament Committee, summarized the Western plan on disarmament for the forthcoming summit meeting as well as the Geneva disarmament talks. A general discussion of the Western position followed. A telegraphic summary of the session was transmitted in Secto 54. (Department of State, Central Files, 396.1-PA/5-260) The Verbatim Record (C-VR (60)18) is *ibid.*, Conference Files: Lot 64 D 559, CF 1656. At 11:30 a.m., immediately after the morning session, Merchant talked to Canadian Foreign Minister Howard Green concerning the Norstad plan. The memorandum of discussion (US/MC/2) is *ibid.*, CF 1650.

The Ministerial Meeting resumed at 3:15 p.m. to discuss agenda item I (b), Germany and Berlin. Discussion centered on aspects of the Four-Power Working Group Report, especially the proposal for a plebiscite for Germany and Berlin, which had been presented to the North Atlantic Council on April 20. The text of Herter's opening statement on Germany and Berlin was transmitted in Secto 56, May 3. (*Ibid.*, Central Files, 396.1-IS/5-360) A telegraphic summary of discussion of this agenda item was transmitted in Secto 55. (*Ibid.*)

Discussion of agenda item I(c), East-West relations, occupied the latter part of May 2 and Tuesday morning, May 3. This discussion was summarized in Secto 68, May 4. (*Ibid.*, 396.1-IS/5-460) During the ses-

sion, it was agreed that the NAC would rework the draft declaration of principles contained in the Four-Power Working Group Report, possibly for issuance by NATO on the eve of the East-West summit, although no decision was taken on the best way to exploit it. There was continued widespread opposition to the idea of attempting to obtain at the summit an agreed position with the Soviets on aid to underdeveloped countries and arms shipments restriction. Spaak pressed for continued consultation and commitment not to undertake new initiatives without NATO concurrence. The Verbatim Records (C–VR (60)19 and C–VR (60)20) of the May 2 afternoon and May 3 morning sessions are *ibid.*, Conference Files: Lot 64 D 559, CF 1656. At 9 p.m., Foreign Minister Zorlu hosted a dinner for the delegations. Memoranda of conversation between Merchant and Norman A. Robertson, Canadian Under Secretary of State for External Affairs, on Bomarc, disarmament, Skyshield, and Law of the Sea (US/MC/6) and the Korea situation (US/MC/9) are *ibid.*, CF 1650.

On Tuesday, May 3, Norwegian Foreign Minister Lange called on Secretary Herter at 9:15 a.m.; Merchant also attended. A memorandum of their conversation on the Common Market and the Free Trade Area was transmitted in Secto 69, May 3. (*Ibid.*, Central Files, 374.800/5–460) At 11 a.m., the Ministerial Meeting resumed its discussion of agenda item I(c), summarized in Secto 68. (*Ibid.*) At 1 p.m., Merchant met with Canadian Foreign Minister Green to discuss the Canadian desire to hold the Centenary World's Fair in 1967. The memorandum of that discussion (US/MC/10) is *ibid.*, Conference Files: Lot 64 D 559, CF 1650. At 3:15 p.m., the Ministerial Meeting resumed for discussion of agenda items II and III, the Secretary General's report on the Annual Political Appraisal and a review of the international situation. A telegraphic summary of discussion of item II was transmitted in Secto 67, May 4. (*Ibid.*, Central Files, 396.1–IS/5–460) A copy of Secretary General Spaak's report (C–M(60)40), which was the basis for the discussion, is *ibid.*, Conference Files: Lot 64 D 559, CF 1658.

Secretary Herter offered his observations on Spaak's report in the following areas: the future summit meetings and arrangements for NAC consultation, economic cooperation, and long-range planning. Herter noted the association of a NATO observer with the Working Group on East-West relations and said "we should seek to improve constantly on our consultation procedures, building on past experience as we go along." He also hoped for a new organization for economic cooperation and development, which would carry on the most useful activities of the OEEC. All 15 members of NATO would be members of the new organization, but no organizational arrangement had yet been decided. The full text of Herter's statement was transmitted in Secto 66. (*Ibid.*, Central Files, 396.1–IS/5–460)

The ensuing discussion on agenda item II was summarized in Secto 77. (*Ibid.*) Discussion initially focused on the Political Advisers Report on the Situation in the Middle East (C-M(60)37), a copy of which is *ibid.*, Conference Files: Lot 64 D 559, CF 1659. [*text not declassified*] The Verbatim Record (C-VR(60)21) of this afternoon session is *ibid.*, CF 1656. At 7:15 p.m., Dutch Foreign Minister Joseph M.A.H. Luns called on Secretary Herter to discuss Dutch military reinforcements for Western New Guinea; Kohler and Fessenden also attended. (US/MC/11; scheduled for publication in volume XVII) At 7:30 p.m., Assistant Secretary of State for Public Affairs Andrew H. Berding gave a backgrounder to U.S. correspondents; a copy of the transcript is in Department of State, Conference Files: Lot 64 D 559, CF 1655.

During the evening, Secretary Herter sent a message to President Eisenhower which briefly summarized the meetings of May 2-3. It reads in part:

"Insofar as the NATO meeting itself is concerned, it has on the whole gone extremely well due largely to the fact that there had been a prior distribution of most of the working papers prepared in advance for the summit, and the very special efforts at consultation which had been carried out in the past few weeks. The only discordant notes have arisen over differences of opinion regarding some of the rather vague French proposals for topics to be discussed at the summit, such as joining with the Soviets in aid to underdeveloped countries, discussion of trade matters, et cetera." (Cahto 11 from Istanbul, May 3; *ibid.*, Central Files, 396.1-IS/5-360)

On Wednesday, May 4, the Ministerial Meeting resumed at 10:30 a.m. to discuss agenda item VI, the communiqué. (There was apparently no discussion of items IV and V.) No summary of the discussion has been found beyond noting agreement on the final communiqué, which was transmitted in Secto 78, May 4. (*Ibid.*, 396.1-IS/5-460) The text of the communiqué is printed in Department of State *Bulletin*, May 23, 1960, page 840. Following adjournment of the meeting, Secretary Herter met with Foreign Minister Zorlu on board Turkish President Bayar's yacht; no record of the conversation has been found. Herter and his party left for Athens at 6:20 p.m.; for text of his departure statement, see *ibid.*, page 841. For a summary of the entire Ministerial Meeting, see Document 256.

On his arrival in Washington on May 6, Herter made a brief statement summarizing his impressions of the CENTO and NATO meetings; see Department of State *Bulletin*, May 23, 1960, pages 841-842. Merchant made an oral report to the National Security Council at its May 9 meeting on preparations for the forthcoming summit meeting, including a full debriefing on the NATO Ministerial Meeting; the memorandum of discussion is printed in volume IX, Document 149.

256. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Athens, May 5, 1960, 1 a.m.

Secto 81. Department will issue instructions re use this message SEATO, CENTO, and certain other addressee capitals.¹ Summary—NATO Ministerial Meeting Istanbul, May 2–4.

North Atlantic Council meeting at Istanbul May 2–4 focused primarily on West positions to be taken at forthcoming summit conference. Council also examined Secretary General's annual report on working of Alliance² and reviewed briefly international situation in various parts of world. As reflected in communiqué of May 4,³ Council approved line to be taken by three Western negotiating powers at summit and expressed satisfaction with manner in which NATO system of continuous consultation has developed.

Council welcomed prospect of negotiations with Soviet Union at forthcoming summit as offering possibility of improved international relations. Emphasized continuing strength and unity of Alliance as necessary condition of progress toward this objective. In view current Soviet attitudes and positions, however, generally emphasized Western opinion should be under no illusion as to possibility of positive achievements at summit.

Council agreed disarmament is major topic for discussion at summit and stressed Western aim of general and complete disarmament to be achieved in states under effective control. Expressed full support for Western position as formulated in Western plan filed at Geneva March 15,⁴ which is still sound and should not be abandoned because of Soviet rejection. Also agreed April 26 statements of Western principles made by Jules Moch⁵ clearly reflected Western aim of general and complete disarmament with effective controls and that West negotiations should continue to focus on specific measures of disarmament outlined in April

Source: Department of State, Central Files, 396.1-IS/5-560. Secret. Repeated to the other NATO capitals and Taipei, Bangkok, Tokyo, Seoul, and Moscow.

¹ Circular telegram 1407, May 6, provided a briefer summary of the NATO Ministerial Meeting. (*Ibid.*, 700.00 (S)/5-660)

² Regarding Spaak's report and the other agenda items, see Document 255.

³ For text of the final communiqué, see Department of State *Bulletin*, May 23, 1960, p. 840.

⁴ For text of the Western paper (U.N. doc. TNCD/3), submitted to the Ten-Nation Disarmament Committee on March 16, see *Documents on Disarmament*, 1960, pp. 68–71.

⁵ For text of the Western proposal (U.N. doc. TNCD/5), submitted by French Representative Jules Moch to the committee on behalf of the Western delegations on April 26, see *ibid.*, pp. 81–82.

28 statement by United States representative at summit.⁶ Council expressed hope summit conference would produce directive to Geneva negotiations to turn their attention to these specific measures.

Council consideration of Germany and Berlin problems as subjects for discussion at summit resulted in unanimous view solution of German problem must be sought in reunification on basis of self-determination. Council generally felt West peace plan put forward at Geneva in May 1959 still valid as basic approach to German settlement.⁷ Consensus favored proposal for holding plebiscite in two parts of Germany as constructive and practical measure for consideration at summit. Council also endorsed position occupation rights of Western powers in Berlin should be maintained in absence of any other formula capable of protecting freedom and liberties of Berlin population. Recalled Council declaration of December 16, 1958.⁸

Council also considered various topics which might be discussed at summit in general framework of E/W relations. Generally agreed increased cultural exchanges with Soviets are in interest of West. Spaak cautioned against any extensive discussion of economic exchanges at summit, since these matters of special concern to all NATO countries. In this connection, Secretary General warned against any grant of extensive credits to Soviets. Consensus in Council was opposed to any discussion of joint program with Soviets in aid to under-developed countries, although there was some suggestion Soviets might be diverted to more extensive participation in United Nations projects.

Council emphasized NATO cannot be satisfied with formula of peaceful co-existence under cover of which Soviets continue to attack individual members of Alliance. Council unanimously condemned efforts of Soviet propaganda to discredit Federal Republic of Germany and other NATO governments as inimical to Alliance and inconsistent with expressed Soviet desire for improvement of international situation. In connection with Soviet campaign for peaceful co-existence, Council agreed declaration of principles governing relations between nations should be prepared for possible use at summit or for issuance as West statement prior to summit.

In its review of Secretary General's annual report on working of Alliance, Council stressed importance of continuing development of NATO cooperation in various fields. Secretary General and various

⁶ Not found, but at the NAC Ministerial Meeting on May 2, Lloyd read a list of specific measures on disarmament contained in the April 28 statement. (Secto 54 from Paris, May 2; Department of State, Central Files, 396.1-PA/5-260)

⁷ For text of the Western peace plan, May 14, see Department of State *Bulletin*, June 1, 1959, pp. 779-782.

⁸ For text of the declaration, see *ibid.*, January 5, 1959, p. 4.

governments emphasized especially need for increasing consultation on political aspects of economic problems. Council expressed appreciation for President Eisenhower's message communicated by Secretary Herter at opening session and welcomed its emphasis on need for long-range planning and for strengthening NATO community effectively to meet Communist challenge in years to come. Council emphasized importance of making real progress in ten-year planning suggested by United States at last December meeting⁹ and agreed to review progress in this matter at next December Ministerial meeting.

In brief review of international situation, Council heard reports by Turkey on Mid East situation, by Belgium on Congo developments, and by the United States on Cuba and Korean developments.

Herter

⁹ Regarding Herter's proposed 10-year plan, see footnote 6, Document 238.

257. Telegram From Secretary of State Herter to the Embassy in Portugal

Paris, May 19, 1960, 6 p.m.

77. Eyes Only for Merchant. Personal for the President.

"Dear Mr. President:

"I have just returned from a two-hour session with the North Atlantic Council in which Couve, Selwyn and I delivered a full report on the events of the past days.¹ After our report practically every member of the Council rose to express a solidarity with us and particularly to voice in the most glowing terms their appreciation for the dignity and restraint which you showed in the face of provocation together with just the right combination of determination and conciliation. The support was unanimous and you will have seen the communiqué which the Council on its own initiative decided to issue confirming this.²

"Faithfully yours, signed: Chris."

Herter

Source: Department of State, Central Files, 396.1-PA/5-1960. Confidential; Priority. Repeated to the Department of State as Cahto 11 from Paris, which is the source text. President Eisenhower was in Lisbon. Another copy of the telegram bears the notation "President saw" in Goodpaster's writing. (Eisenhower Library, Whitman File, Dulles-Herter Series)

¹ Reference is to the summit conference in Paris May 16–17, which collapsed when President Eisenhower refused to apologize to Khrushchev for U-2 overflights of the Soviet Union.

² For text, see Department of State *Bulletin*, June 6, 1960, p. 907.

258. Memorandum of Conversation

June 13, 1960, 3-4:15 p.m.

SUBJECT

NATO Long-Range Planning: Views of NATO Secretary-General Paul-Henri Spaak¹

PARTICIPANTS

M. Paul-Henri Spaak
M. Andre Saint-Mleux
Ambassador Burgess
EUR—Mr. Kohler
S—Mr. Bowie

S/P—Mr. Smith
S/P—Mr. Owen
RA—Mr. Fessenden
RA—Mr. Tobin
DOD/ISA—Mr. Haydn Williams

1. *General Approach and Timing.*

After introductory pleasantries, Mr. Kohler asked M. Spaak to give us the benefit of his views on NATO long-range planning.

M. Spaak opened by saying that this is a difficult problem. The Alliance has existed since 1949 with its primary purpose to stop the communist advance. Whether the Soviet intention is to wage cold war emphasizing military threats or peaceful co-existence stressing economic warfare the ultimate communist aim is the same. No matter how one examines the problem, he comes to the conclusion that an absolute necessity for the Alliance continues to exist. What is needed now is to maintain and adapt NATO to present and future circumstances. It is not necessary to think of altering the Treaty, which would both be very difficult and also unnecessary in view of the flexibility of the Treaty provisions. Actually the effectiveness of the Alliance largely rests more upon the spirit of its members than in strict observance of Treaty obligations.

At the close of his statement, Spaak observed that the 10-year planning report might in its introduction indicate that nothing revolutionary is required, but rather that the Alliance, in setting its course for the next ten years, should determine to continue doing what it is already doing—but to do it more audaciously and more effectively.

Spaak further said it is his intention during the early part of July to call together the Permanent Representatives for a discussion of NATO

Source: Eisenhower Library, Staff Secretary Records, NATO. Secret. Drafted by Irwin M. Tobin (EUR/RA). The meeting was held in the Department of State.

¹ According to a memorandum from Kohler to Under Secretary Dillon, drafted on June 11, "Spaak's primary purpose in coming to Washington is to discuss how we should proceed in the NATO Council considering Secretary Gates' MRBM proposal." (Department of State, Central Files, 740.5611/6-1160)

long-range planning. He would present to them a memo incorporating his ideas as expressed to us, and asking them in return to submit their governments' views early in September.

In response to a question from Mr. Owen, Spaak said that he intended to urge other countries to make serious preparations for the long-range planning exercise, but that to date only Canada and the UK had been making such preparations.

Mr. Smith observed that the atmosphere for long-range planning should now be better since the non-summit.² Spaak responded that the reaction in some ways was improved, but he referred to the very animated discussion of the "directorate" in last Wednesday's Council meeting and to what he considered to be the unsatisfactory Western response to the latest Soviet disarmament note,³ and implied that some of the ground gained was now being lost.

2. *Political Consultation.*

The rule to be followed on political consultation, M. Spaak suggested, is that of the most intimate possible consultation in accordance with the recommendations of the report of the Three Wise Men.⁴ However, a number of questions are posed:

(a) The geographical boundaries of consultation should be extended as widely as possible. This would involve more cooperation with CENTO and SEATO, but a clear distinction would have to be drawn between the broadening of the Alliance for the purpose of political consultation and any extension of military obligations, concerning which many members are very hesitant.

(b) The form of consultation will have to be decided. There are four alternatives, of which Spaak openly expressed his preference for the first: (1) Standing Committees of the Council set up on a regional basis, as for example, Africa, the Far East and Near East, and having varied composition with the three principal world power members on all committees and two additional members chosen on the basis of regional interest. These committees would exist for the exchange of information, to develop common policies for the respective regions, and to prepare discussion in the Council as a whole. (2) Establishment of a committee along the lines of the UN Security Council composed of the five larger members permanently, that is, the US, UK, France, Germany, and Italy

² Reference is to the summit meeting in Paris May 16–17; see footnote 1, Document 257.

³ Concerns of Council members about a possible tripartite directorate following a U.S. report on the meeting of the British, French, and U.S. Foreign Ministers in Washington on June 1 were summarized in Polto 2418 and Polto Circular 13, both from Paris, June 9. (Department of State, Central Files, 396.1–WA/6–960) For text of the Soviet disarmament note, submitted to the Heads of Government on June 2 and to the Ten-Nation Disarmament Committee on June 7, see *Documents on Disarmament, 1960*, pp. 100–111. No formal Western response to this proposal before June 13 has been found.

⁴ See footnote 4, Document 139.

with two other members being elected on a rotating basis. In such a committee, the major powers might be willing to expose their thinking at an early stage since it would be rather more intimate than the Council. The committee also would prepare subject matter for discussion in the Council. (3) A NATO observer in a committee of three (US, UK, France) following the precedent set in the recent summit preparatory period. This might perhaps work out in connection with proposal (1) above. Finally, (4) the notion of a "directorate", which M. Spaak rejects. In the first place, he doubts that there could be such a directorate, since unanimity could not be reached and De Gaulle in particular would not submit to a majority of the other two. Second, because establishment of such a directorate would set in motion a disastrous trend toward neutralism among the smaller members.

Mr. Bowie⁵ having raised the impact of the development of the European community on NATO relationships, Spaak responded that until now this has been a conflict between the Six and the Seven which has had no impact on NATO and to which he thinks a solution will be found. In answer to a more pointed question from Mr. Bowie, Spaak stated that the impact of growth of the Six on relations between the US and Europe would depend upon the spirit in which the Six developed. He went on to be more specific with regard to the De Gaulle problem. He was prepared to admit that De Gaulle was not a European in the image of Robert Schuman,⁶ but in discussing De Gaulle's policy, as in discussing Khrushchev's, one is very dependent upon hypothesis. Certainly a very great deal depends upon the way in which the US asserts its leadership in the Alliance.

Ambassador Burgess observed that there is now a much better feeling between the Six and the Seven, so that he is fairly optimistic about a reconciliation. He further mentioned as a perplexing factor De Gaulle's concept of a Europe united from the "Atlantic to the Urals". Spaak responded that it is interesting that this is the second time De Gaulle has used this expression, but this time it is to be found in a different, more historic and theoretical, part of his speech. On the other hand his favorable mention of a Western European confederation appeared immediately after his allusion to the decision of the Six to accelerate.

3. *Military Problems.*

The long-term NATO military problem, in M. Spaak's view, centers on the question of atomic arms. As a general proposition it is clear that national armies of the traditional type are outmoded for European de-

⁵ Robert R. Bowie was hired by the Department of State during the summer of 1960 to prepare a report on long-range planning in NATO. Extracts from that report are printed as Document 266.

⁶ French Foreign Minister, 1948-1953, and author of the Schuman plan for a European Coal and Steel Community in May 1950.

fense, and greater integration, or perhaps better stated cooperation, is needed. We must in fact accelerate the cooperation of member countries. The solution lies in establishing atomic arms under NATO control and with common financing on the same basis as infrastructure. This would facilitate cooperation and avoid inequities in bearing financial burdens. This is not only a military problem but also a political one, which quite frankly has to do with the French problem. [2-1/2 lines of source text not declassified]

Mr. Smith asked about M. Spaak's references to a common NATO nuclear armament and asked whether M. Spaak's thinking had gone as far as a multinational strike force. Spaak indicated that this was the only possible solution to the problem. Mr. Smith made clear that he was asking about the possibility of a genuinely multi-national force, in which personnel of different nations would be intermingled so that no single country would have a national capability readily at hand—an EDC transplanted to the nuclear field. M. Spaak said that this was how he had understood the question and, provided that the term "EDC" was not used, he believed that was a feasible—as well as necessary—solution. He came back, however, to France as being at the heart of the atomic armaments question, and said he could not envisage a solution to the atomic problem without some solution of the French relationship. He particularly felt that this was so after the briefing of the Council by General Norstad the previous Friday.⁷

[2 paragraphs (21 lines of source text) not declassified]

Mr. Kohler wondered whether, thinking over the next 10 years, we would have to review the NATO Command Structure—a question which De Gaulle has raised.⁸ We had not, of course, envisaged from the beginning that SACEUR would always have to be an American. Spaak replied that most Europeans would not wish any change, that they would like to have an American, but that it would be interesting to know if the NATO Commander could not be divorced from any US command. He thought this an important question but not one involved in the 10-year plan report.

⁷ Norstad's briefing of the NAC on the MRBM situation on Friday, June 10, and the ensuing Council discussion were summarized in Polto 2440 from Paris, June 10. As reported in this telegram, Norstad concluded his briefing as follows:

"Filling IRBM requirement is something that must be done. There is no choice. Either this is done or there is no defense within the time period. That is a message to be passed back to governments. If this is not done, there will be no NATO in relatively few years, without saying specifically 1963, '64 or '65 but in the relatively near future this could be so. It is a matter of most vital importance within this Alliance and particularly vital to the European members. He remained ready to discuss the matter later with this group or any other." (Department of State, Central Files, 740.5611/6-1060)

⁸ See Document 198.

[1 paragraph (11 lines of source text) not declassified]

4. *Economic Cooperation.*

Here M. Spaak accented the problems proposed by the creation of the OECD, particularly in relation to aid to uncommitted underdeveloped countries of Asia and Africa. A common Western approach is needed, based upon political considerations, and he doubts that such a common policy can be drawn up by an organization like the OECD, which includes a considerable number of neutrals. We must get rid of the complex that NATO is an alliance limited strictly to the military aspect. NATO should become the forum where economic policy, that is political-economic policy, is examined and where "broad directives" can be drawn up, execution being left to technical bodies such as the IBRD. Furthermore, a policy must be adopted for coordination of aid to the five "under-developed" countries within the alliance (including the southern area of Italy) and also the certain countries in Africa which are rather closely linked to the alliance.

Mr. Kohler expressed surprise that Spaak had omitted mention of economic relations and competition with the USSR, with particular reference to the extension of credits to the USSR and the organization of competition, as for example through preclusive buying or the stabilization of prices. Spaak responded that until now he has failed to arouse any interest in implementing Article 2.⁹ There is no common approach among the members with regard to credits, and all governments backed away from his suggestion at Istanbul with regard to stabilization of prices.¹⁰ Ambassador Burgess commented that credits would provide a good case study of the alliance capability to work together, and suggested that it would be helpful if the other member governments would raise the level of their representatives in ECONAD and be prepared to instruct their representatives with greater attention to political than commercial considerations. Spaak said that it is interesting to compare the rise in credits from the West to the USSR with the rise in USSR credits to the under-developed areas, and suggested the possible conclusion that the West in this way is financing Soviet penetration of the under-developed areas.

5. *Joint Production and Science.*

M. Spaak then referred to two remaining fields of cooperation within the alliance, that is, the "common production of certain things"

⁹ Article 2 of the North Atlantic Treaty provided, among other things, that the parties "will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them."

¹⁰ Spaak's suggestion has not been identified.

and science. In both of these fields, he felt that results so far had been meager. He made no further mention of the first of these two, but went on to say particularly with reference to science that the Macmillan–Eisenhower declaration of interdependence should increasingly be translated into deeds.¹¹ A beginning had been made in the science field, but as Dr. Ramsey¹² had said at the end of his two years as the first Science Adviser, so far there were only some drops in the ocean. It is hard to know what should be done, but it definitely seems that this is a matter of will in the first place, and then the translation of that will into action.

¹¹ Reference may be to the Camp David declaration of March 29, in which Eisenhower and Macmillan agreed to a coordinated research program for improving methods of detecting nuclear tests. For text, see Department of State *Bulletin*, April 18, 1960, pp. 587–588.

¹² Dr. Norman F. Ramsey, Scientific Adviser to the NATO Secretary General.

259. Telegram From the Department of State to the Embassy in France

June 15, 1960, 9:01 p.m.

Topol 2492. Paris pass Thurston. Spaak and Acting Secretary discussed MRBM's at length June 13. Covered also problem of trip-artitism, reported separately.¹

Source: Department of State, Central Files, 740.5612/6–460. Secret; Limit Distribution. Drafted by Fessenden on June 14, cleared with Kohler and McElhiney, and approved by Acting Secretary Dillon. Repeated to London and Bonn.

¹ Spaak's conversation with Dillon on June 13, where Spaak reiterated the opposition of most NATO countries to tripartitism, is summarized in Topol 2493 to Paris, June 15. (*Ibid.*, 740.5612/6–1560)

1. Spaak made strong appeal for his compromise proposal along lines set forth in his paper, Polto 2394.² Stressed importance US making gesture of good will by offering sell certain limited number of Polaris missiles (without warheads) to French to induce French to participate in NATO MRBM program. Spaak stressed that he could not guarantee de Gaulle would accept, but felt it had some chance success and could be helpful in bringing about more cooperative French position on NATO matters generally, [3-1/2 lines of source text not declassified]. Spaak emphasized everything of course depended on de Gaulle's own reaction. Spaak added that he had not discussed his suggestion specifically with de Gaulle. Spaak stressed that rejection Gates' offer would result in failure develop NATO-wide program, which Spaak considered essential. Result would be series of bilaterals. Alliance should rather be moving in direction of greater integration, particularly in developing common nuclear policy.

2. Acting Secretary stressed that US position as set forth in Gates' offer based on belief that, if we made available national nuclear capabilities for France, result would be harmful to Alliance. [1 line of source text not declassified] Acting Secretary queried whether only alternative to French non-participation was a series of bilaterals. It should be possible to organize multilateral program of interested countries minus France.

3. Spaak felt there would be great reluctance other countries proceed on this basis. Adenauer's strong ties with de Gaulle and UK reluctance proceed in view of UK-French differences in Six-Seven dispute would make questionable whether Germany and UK would be willing proceed without France. Would also be difficult for Belgium and Netherlands accept MRBM's if there is to be no French participation. Any chance of Norwegian or Danish cooperation would be further prejudiced. Spaak felt, however, that if US made offer to sell certain limited number to France along lines his suggestion and if France rejected this, would then be much easier to organize multilateral program without France. Other countries would feel that US had made generous effort to meet French desires and that French had nonetheless refused. Given fact that all countries now generally impressed with importance meeting military requirement as result excellent Norstad briefing,³ would be

² Polto 2394 from Paris, June 4, transmitted the translation of the text of a note from Spaak to the U.S. Government concerning Secretary Gates' proposal on MRBMs at the NATO Defense Ministers Meeting on April 1 (see footnote 6, Document 254). In his note, Spaak said he was convinced that neither of Gates' two alternatives on MRBMs would be accepted by all the NATO countries, and the rejection of Gates' proposal would 'bring about real military and political dangers.' Spaak added that "the most certain opposition will come on the part of France, and I must say that I understand it. (Department of State, Central Files, 740.5612/6-460)

³ See footnote 7, Document 258.

quite possible proceed. Spaak also stressed that other countries would not be resentful of US offer permit France buy limited number missiles and unlikely that such offer to France would set in motion similar requests from other countries. Other NATO countries, although not at all agreeing with French determination have small independent deterrent, accept French desire for this as fact of life which must be somehow dealt with. WEU Treaty in effect prohibits Germany from independent nuclear weapon program of its own, and BENELUX countries and Italy unlikely press for independent national deterrent.

[1 paragraph (8-1/2 lines of source text) not declassified]

5. Acting Secretary expressed appreciation for frank exchange of views, cautioned that did not wish give impression that US had changed its position but promised that we would give serious consideration to Spaak's points. Summarized Spaak proposal by saying that he understood Spaak to mean that US should give some help to French in gaining independent deterrent capability without modifying Atomic Energy Act and that in exchange we would obtain greater French cooperation in NATO.

6. Spaak agreed with this, emphasizing that his proposal involved step which US could take without amendment in Atomic Energy Act. Felt other NATO countries generally would be favorably inclined towards such step by US, but would not want or expect us to go so far as to modify Act to meet de Gaulle point. Spaak emphasized that sole question is what de Gaulle himself will think. Said he could give no guarantee on this score but stressed that pro-NATO elements in France, including French military, would be heartened by such offer from US. *[2-1/2 lines of source text not declassified]*

Dillon

260. Telegram From the Mission at the North Atlantic Treaty Organization and European Regional Organizations to the Department of State

Paris, July 5, 1960, 9 p.m.

Polto 35. Department pass Defense.¹ References: Topol 2607; Topol 19; Polto 2621.² I had talk with Spaak yesterday on MRBM matter. Pursuant Topol 19, gave him substance US position as set forth numbered paras Polto 2621.

[1 paragraph (7 lines of source text) not declassified]

I emphasized US agreement with Spaak on importance of developing MRBM program in manner to maintain and increase political cohesion of NATO, and said that essentially what US now required was more time to study certain technical matters which would affect deployment problems, and which might conceivably result in sounder and more feasible way of meeting collectively this requirement. Pending completion of this review, we now felt that question was not yet ripe for further Council discussion. I admitted that this suggestion was a reversal of our statement of June 8 (Depcirtel 1514, Polto 2389, Topol 2401)³ calling for prompt Council consideration of this matter occasioned by new technical studies. In answer to Spaak's questions, I indicated type

Source: Department of State, Central Files, 740.5612/7-560. Secret; Limit Distribution. Repeated to Bonn and London.

¹ A typewritten notation on the source text indicates that the telegram was passed to the Department of Defense on July 6.

² Topol 2607 to Paris, June 28, contained the Department of State's response to Spaak on MRBMs. On the basis of reactions from various sources in France and other countries, the Department concluded that "there is reason to doubt that Spaak suggestion would be accepted by the French as adequate to bring about their adherence to the NATO MRBM proposal." The Department was reviewing various other features of U.S. propositions but in the meantime did not consider it desirable to modify Secretary Gates' proposals. (Department of State, Central Files, 740.5612/6-2860) Polto 2621 from Paris, June 30, welcomed the general line of Topol 2607 but made suggested changes in four numbered paragraphs so that the U.S. position would not be "subject to misconception by Spaak or others who would hear of it." (*Ibid.*, 740.5612/6-3060) Topol 19 to Paris, July 1, agreed with the rephrasing of the reply to Spaak along the lines suggested in Polto 2621. (*Ibid.*)

³ Circular telegram 1514 to all NATO capitals, June 2, contained the text of the report of the British, French, and U.S. Foreign Ministers to the NAC on their agreed post-summit positions following their meeting in Washington on June 1. (*Ibid.*, 396.1-WA/6-260) Polto 2389 from Paris, June 3, summarized the discussion of the British, French, and U.S. NATO Permanent Representatives on coordinating the text. Regarding MRBMs, France strongly opposed raising the issue at the NAC meeting on June 3; the United Kingdom would go along if it was made clear these were U.S. views; and Nolting, Acting U.S. Permanent Representative, opposed raising the subject at this time. (*Ibid.*, 396.1-WA/6-360) Topol 2401 to Paris, June 4, indicated that the Department of State preferred to keep a brief reference to MRBMs in the text but would agree to drop the matter if France still strongly objected. (*Ibid.*)

of studies now going on, but said that I could not predict US conclusions in the matter, which would be based on military and political factors.

[1 paragraph (6-1/2 lines of source text) not declassified]

Nolting

261. Memorandum of Discussion at the 454th Meeting of the National Security Council

Newport, Rhode Island, August 1, 1960.

[Here follows a paragraph listing the participants at the meeting.]

1. *U.S. Force Commitments to NATO* (Memos for NSC from Executive Secretary, subject: "Issues of U.S. Policy Regarding the Defense Posture of NATO", dated November 5 and 10, 1959; NSC Action No. 2149; Memo for NSC from Executive Secretary, subject: "Future NATO Commitments", dated November 20, 1959; Memo for NSC from Executive Secretary, subject: "U.S. Force Commitments to NATO", dated July 27, 1960)¹

Mr. Gray briefly introduced the subject to the Council. (A copy of Mr. Gray's Briefing Note is filed in the Minutes of the Meeting and another is attached to this Memorandum.)² Mr. Gray then called on Secretary Douglas³ who said that Assistant Secretary of Defense Irwin would make the presentation.

Mr. Irwin said his remarks would be concerned with the Department of Defense recommendation for the U.S. force figures to be included in the U.S. reply to the Annual NATO Questionnaire.⁴ This

Source: Eisenhower Library, Whitman File, NSC Records. Top Secret. Drafted by Boggs on August 4.

¹ Regarding the November 5 and 10 memoranda and NSC Action No. 2149, see footnotes 1, 4, and 6, Document 228. The November 20 memorandum transmitted the President's November 16 request that no NATO commitments be made without prior consideration by the NSC. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, NSC 6017) The July 27 memorandum enclosed a memorandum from John N. Irwin, II, Assistant Secretary of Defense for International Security Affairs, on U.S. force commitments to NATO. (*Ibid.*)

² Gray's briefing note is not printed. The minutes of all National Security Council meetings held in the Eisenhower administration are in National Archives and Records Administration, RG 273, Records of the National Security Council, Official Meeting Minutes File.

³ James H. Douglas, Jr., Acting Secretary of Defense.

⁴ Reference is to the 1960 NATO Annual Review Questionnaire, which has not been found.

Questionnaire covered major combat force elements of the Army, Navy and the Air Force committed to NATO. Replies to the Questionnaire were due last July 1 in accordance with the regular NATO schedule but last year our reply was not submitted until August 15 and this year apparently NATO does not anticipate a reply until August 15–20. So far, five countries have replied to the Annual NATO Questionnaire. Mr. Irwin felt that no pressure would be exerted on the U.S. because of the tardiness of its reply unless the reply were delayed beyond September 1. Mr. Irwin then explained the meaning of a viewgraph chart showing the Army forces to be supplied NATO by the U.S. to meet MC-70 requirements.⁵ He noted that our proposed reply relating to Army forces raised no problems. He anticipated that NATO would adopt our Army figures without discussion since we are substantially meeting MC-70 requirements in this area. Short-falls in Little Johns are compensated for by an overage in Honest Johns; while a short-fall in Redstone missiles is overcome by an overage in Corporal and Sergeant missiles.

Mr. Irwin then explained the meaning of two charts relating to U.S. naval forces committed to meet MC-70 requirements. He said that the information on the chart with respect to cruisers was somewhat deceptive since "Category C" cruisers, i.e. those available after D+30, were actually in mothballs. Substantial short-falls shown on the chart for early warning aircraft were due to the fact that the original MC-70 plans called for some land-based planes which have now been replaced by carrier planes. Thus the short-falls shown on the chart for early warning aircraft have actually been compensated for by an increase in other capabilities. Mr. Irwin anticipated that the U.S. would have no problems in NATO with its reply on naval forces.

Mr. Irwin explained the third chart which related to U.S. Air Force elements committed to NATO. He said the MACE overage of one squadron was deceptive since it represented a splitting in half of one of the squadrons. The chart also showed a shortage in transport aircraft but the transport aircraft actually deployed had the same ton-mile capacity as the MC-70 requirements. The short-fall with respect to reconnaissance aircraft would be partly compensated for by F-105s as replacements for two B-66 squadrons. This substitution had not yet been accepted by CINCEUR but no problem was anticipated. The major problem in connection with air forces committed to NATO, indeed the major problem with respect to the U.S. reply to the NATO Questionnaire, revolved around the short-fall of six squadrons of fighter bomb-

⁵ Neither this chart nor the ones mentioned below has been found, but enclosures attached to Irwin's July 27 memorandum (see footnote 1 above) contain breakdowns of U.S. MC-70 requirements, including shortfalls and overages, for the Army, Navy, and Air Force for calendar years 1960–1963.

ers in 1962 and 1963. The rationale for reducing our current deployment of twenty-four squadrons by six squadrons lay in the increase of indigenous capabilities, the deployment of IRBMs committed to NATO and the capability of the U.S. Tactical Air Command to transfer tactical squadrons overseas at short notice. If the six squadrons were left in Europe, the cost would be \$54 million over the three years 1958-1960 and the personnel cost would be 30,000 spaces. Although the maintenance of U.S. Air Force strength in the NATO area was one of our priority objectives, the Department of Defense had, after much consideration, decided to recommend a reduction in air forces committed to NATO in 1962 and 1963. Such a reduction would permit transfers of personnel and funds to active ICBM squadrons, the addition of a B-52 wing, an increase in SAC dispersal, increased outer space activities, increased efforts to attain the SAMOS capabilities, and improved electronic capabilities. The Air Force had already re-allocated the 30,000 spaces involved.

Secretary Herter noted that Mr. Irwin had been speaking from time to time about reduction in our forces committed to NATO. Secretary Herter felt that the short-falls were not so much reductions as a failure to make planned increases. Mr. Irwin said the short-falls represented failure by the U.S. to meet the goals set for it by MC-70. Secretary Herter wondered whether the short-falls were not a reduction from some figure which it was intended to attain in the future. The President said real reductions were involved since the Defense Department reply to the NATO Questionnaire proposed the elimination of some U.S. forces presently stationed in Europe, e.g. the fighter bomber squadrons.

Mr. Irwin said the principal problem connected with the proposed U.S. reply to the NATO Questionnaire revolved around the short-fall of six fighter bomber squadrons. Secretary Douglas believed this was a difficult political problem. Last year we had proposed a reduction in these forces but had failed to secure proper consideration of the matter in NATO. The twenty-four fighter bomber squadrons now committed to NATO will remain committed through Calendar Year 1961. Mr. Douglas felt this was the point at which we became involved in the "numbers racket." In fact, the capabilities of our forces committed to NATO had substantially increased. [5-1/2 lines of source text not declassified] Mr. Douglas said there were now 201 NATO alert fighter bombers of which 145 were U.S. planes; in 1963 there would be 356 such alert planes, 240 of which would be U.S.

The President, turning to Mr. Gray, said that studies and reports should be prepared on the whole concept of NATO, covering the way we became committed to MC-70 requirements and the current problems requiring consideration. We frequently discuss giving more support to our friends all over the world. Everyone seems to be in

agreement that Europe is self-sustaining and is becoming wealthy. The President wondered why the European NATO countries could not defend themselves. Perhaps we had been carrying out our programs of assistance so long that we tended to take these programs for granted. Any studies prepared would of course be primarily for the use of the next administration. Such studies should provide an historical account of NATO, indicate what commitments the U.S. had made, describe how the MC-70 commitments came to be made, and estimate what Europe could do to defend itself. [5 lines of source text not declassified]

Secretary Herter reported that a study on NATO was being prepared in the State Department by Mr. Robert Bowie and would be completed in the next few days. Also, problems relating to NATO would come up tomorrow at a meeting the President was having with General Norstad and other officials.⁶ [3-1/2 lines of source text not declassified]

[1 paragraph (13-1/2 lines of source text) not declassified]

Secretary Douglas said the long-range study of NATO was not directly related to the short-fall of six fighter bomber squadrons referred to by Mr. Irwin. Secretary Herter said the six squadrons were a morale factor. Secretary Douglas thought the importance of the six squadrons as a morale factor could be eliminated if their redeployment were properly explained.

Mr. Irwin noted that the NSC agenda contained four related items: U.S. Force Commitments to NATO, which the Council was now discussing; Commitments for Grant Military Assistance to Certain Free World Nations with Well-Developed Economies, the next item on the agenda; Contributions of the U.S. and other NATO Nations to the Collective Defense Posture; and the Future of NATO. The Contributions study had been delayed until the study on the Future of NATO was completed. Perhaps a more orderly procedure would have been to complete all the studies before considering the U.S. reply to the Annual NATO Questionnaire.

Mr. Gray felt that the discussion gave added impetus to the requirement which the Council had previously laid down for a review of the question of making nuclear weapons available to France and also to the broader studies of a multilateral nuclear authority and increased nuclear sharing.

Mr. Gray then said he wished to raise a technical question on the way short-falls were shown on Mr. Irwin's charts. He wondered why a short-fall was shown in cases where NATO had agreed to accept some other form of force as compensation for a shortage. He had transport aircraft in mind particularly; while we had not provided all the trans-

⁶ The President actually met with Norstad on August 3; see Document 263.

port aircraft shown in MC-70 requirements, we had provided aircraft with the same ton-mile capacity as the requirements. He thought we were putting ourselves in a bad light by showing a short-fall in such a case. Mr. Irwin replied that this was a matter of NATO bookkeeping. NATO follows the practice of showing any shortage from MC-70 requirements as a short-fall unless there is an exchange of written documents indicating General Norstad's agreement to the substitution of one kind of force for another. Mr. Irwin agreed that it might be preferable to handle the matter as Mr. Gray was suggesting but believed the NATO bookkeeping practices raised no serious problems. Mr. Gray said he had a different view. Whenever the figures show a U.S. failure to provide the complete requirement, the U.S. will be accused of not doing its share. The President suggested that it would be desirable in the future to try to have MC-70 goals expressed in terms of specific items or their equivalents.

[3 paragraphs (28 lines of source text) not declassified]

*The National Security Council:*⁷

a. Discussed the subject in the light of an oral presentation by the Assistant Secretary of Defense (ISA) on the reply proposed by the Department of Defense to the NATO Annual Review Questionnaire (transmitted by the reference memorandum of July 27, 1960).

b. Agreed on the desirability of exploring the feasibility in the future of expressing MC-70 goals in terms of specific items or their equivalents.

c. Noted that studies on "Contributions of the U.S. and Other NATO Nations to the Collective Defense Posture" and "The Future of NATO" are in preparation by the Departments of State and Defense and will be submitted to the Council for consideration or discussion at an early meeting.

d. Noted the President's directive that the Secretaries of State and Defense and the Chairman, Atomic Energy Commission, jointly report to the President on the advantages and disadvantages of arrangements which would permit the President, whenever he determines it to be in the U.S. security interest to do so:

(1) Either to sell or otherwise make available nuclear weapons to selected allies; or

(2) To seek creation of multilateral arrangements to assure nuclear efficiency in NATO.

e. Agreed that the study of "A Multilateral European Nuclear Authority" directed by paragraph 24-c of NSC 5906/1, the study of "Possible Nuclear Assistance to France" directed by paragraph 42-a of NSC 5910/1, and the report on "Increased Nuclear Sharing with Allies"

⁷ Paragraphs a-e and the Note that follows constitute NSC Action No. 2274, approved by the President on August 12. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council)

being prepared pursuant to NSC Action No. 2166-b-(9), should be completed promptly.⁸

Note: The action in b above, as approved by the President, subsequently transmitted to the Secretary of Defense for appropriate action.

The action in d above, as approved by the President, subsequently transmitted to the Secretaries of State and Defense and the Chairman, AEC, for appropriate implementation.

[Here follow the remaining agenda items. Regarding agenda item 2, see Document 262.]

Marion W. Boggs

⁸ Paragraph 24-c of NSC 5906/1, "Basic National Security Policy," August 5, 1959, called for development of plans within the executive branch for the development of NATO arrangements for the acquisition and use of nuclear weapons. NSC 5906/1 is scheduled for publication in volume III. Paragraph 42-a of NSC 5910/1, "U.S. Policy on France," November 4, 1959, noted that the United States should seek French support and participation for a "multilateral European nuclear authority," and study the possibility of providing France with nuclear information and weapons. (Department of State, S/S-OCB Files: Lot 61 D 385) See also Part 2, Document 144. NSC Action No. 2166 was taken by the NSC on December 16, 1959, and approved by the President on December 23. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council)

262. Editorial Note

The National Security Council, at its 435th meeting on February 18 and at its 454th meeting on August 1, discussed the subject, "Commitments for Grant Military Assistance to Certain Free World Nations With Well-Developed Economies." These discussions followed consideration of NSC 5916, "Commitments for Grant Military Assistance to Certain Free World Nations With Well-Developed Economies," at the 427th NSC meeting on December 3, 1959. A draft of NSC 5916 and the memorandum of discussion at the NSC meeting are printed in volume IV, pages 467-468 and 472-482. Subsequently, on January 30, Secretary of State Herter met with Secretary of Defense Gates, as directed under NSC Action No. 2158-b agreed to at the December 3, 1959, meeting, to develop guidelines on grant assistance for specific well-developed nations. A memorandum of Herter's conversation with Gates on this matter, prepared by Herter, noted among other things that "we agreed that Defense and State would take identically the same position should the matter come before the President for resolution." (Eisenhower Library, Herter Papers, Miscellaneous Memoranda of Conversation)

The first periodic report by the Departments of State and Defense, entitled "Commitments for Grant Military Assistance to Certain Free

World Nations With Well-Developed Economies," February 15, was transmitted to the NSC in a memorandum from Executive Secretary Lay on February 17. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, NSC 5916) Earlier, a draft of this report was transmitted in Topol 1443 to Paris, January 29, for comments and recommendations. (*Ibid.*, Central Files, 700.5-MSP/1-2960) The first report was also summarized and discussed at the NSC meeting on February 18. Discussion focused on paragraph 2 of the report, which called for no new commitments for provision of military equipment on a grant basis to the United Kingdom, Germany, France, Austria, and Luxembourg, except in certain instances where U.S. interests might otherwise require. Herter defended this "except clause," citing the need for flexibility. He noted, for instance, differences among European nations over second generation IRBMs in Europe and the possibility that the European nations would agree to accept them only on a shared cost basis, which would not be permitted if the "except clause" was eliminated. Others, especially Under Secretary of the Treasury Fred C. Scribner, Jr., argued that discussions with European nations on financing IRBMs did not involve a commitment and the Department of State, if necessary, could come back to the NSC for decision. NSC Action No. 2187, which the President approved on February 20, revised the second sentence of the second paragraph of the State-Defense report to read as follows:

"As a result thereof steps have been taken to assure that, except in specific instances where the President may determine that U.S. interests otherwise require, no new commitments for the provision of military equipment on a grant basis will be offered to these countries." (*Ibid.*, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council)

On August 1, the National Security Council considered a memorandum from Secretaries Herter and Gates to the President, July 8, on the same subject. This memorandum was transmitted by Lay to the NSC on July 20. (*Ibid.*, NSC 5916) Summarized at the NSC meeting by Under Secretary of State C. Douglas Dillon, it covered the Netherlands, Italy, Portugal, Belgium, and Japan. Following a country-by-country analysis of the financial and political problems involved, Dillon recommended that the NSC approve proceeding in fiscal year 1961 with the programs of military assistance to these five countries substantially as presented to and endorsed by Congress, subject to such reductions as might be required by congressional reduction of the total military assistance appropriations. He said that he would be ready to present the Mutual Security Program for fiscal year 1962 for full NSC discussion in about 6 weeks.

Secretary of the Treasury Robert B. Anderson opposed Dillon's recommendation, saying that the five countries were financially able to pay for their military equipment and that the U.S. economic situation, espe-

cially its balance-of-payments problem and other commitments, required the U.S. Government to give grant military assistance to these nations a low priority. As summarized in the memorandum of discussion, prepared by Marion W. Boggs, President Eisenhower then remarked: "grant military assistance was a difficult problem. His feelings were those of Secretary Anderson but he believed we had got ourselves committed to such an extent that we could not completely eliminate military assistance at this time. He had been struggling with this question for fourteen years." (Eisenhower Library, Whitman File, NSC Records)

After further discussion, the NSC proposed NSC Action No. 2275, which the President approved on August 12. The first paragraph noted the discussion in light of the State-Defense report. Subsequent paragraphs read as follows:

"b. Concurred in the recommendation of the above-mentioned report that steady political pressure should be maintained on the Governments of the Netherlands, Italy, Portugal, Belgium and Japan, both bilaterally and multilaterally, to induce them to increase the proportion of their resources devoted to defense in view of the ultimate objective that new commitments for the provision of military equipment on a grant basis should not be offered to nations which are financially able to pay for such equipment.

"c. Noted the President's authorization to proceed with the programs of military assistance to the Netherlands, Italy, Portugal, Belgium and Japan for FY 1961 substantially as presented to and endorsed by the Congress, subject to such reductions as may be required by Congressional reduction of the total military assistance appropriations.

"d. Noted the President's directive that the Governments of the Netherlands and Italy should be informed at an early date that they cannot in the future look forward to the level of grant military assistance they have received in the past; that the Governments of Belgium and Japan should be informed that they must anticipate an eventual decrease in the level of U.S. grant military assistance; and that decisions as to the future grant military assistance program for each country should be taken following notification to that country.

"e. Noted that the Council at an early date will give further consideration to grant military assistance for the Netherlands, Italy, Portugal, Belgium and Japan in connection with the forthcoming report on long-term military assistance planning, including the levels projected therein for FY 1962." (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council)

The memorandum of discussion concerning this agenda item and other documentation on long-term military assistance planning is printed in volume IV, pages 504 ff.

263. Memorandum of Conference With President Eisenhower

Newport, Rhode Island, August 3, 1960, 2:45 p.m.

OTHERS PRESENT

General Norstad
General Goodpaster

General Norstad first recalled that he had last seen the President just before Chancellor Adenauer visited the President.¹ When Gen. Norstad saw the Chancellor after the latter's visit, to discuss with him the idea of a zone in which to test schemes for the inspection of disarmament, Adenauer said the President had never mentioned it to him.² In any event, Gen. Norstad in discussion with the Chancellor got nowhere. The Chancellor was dead set against the scheme. The President recalled that he had forgotten to mention the matter to the Chancellor and, because of this, had called the Chancellor to one side after lunch and raised the matter with him. Gen. Norstad said that it is not unusual for the Chancellor to forget things of this kind, particularly when he is tired, as he gets older.

Gen. Norstad then said that he had visited Turkey on Monday of this week,³ on the urgent invitation of Gen. Gursel extended last week.⁴ He found Gursel to be a steady, honest, dedicated man, capable of running the country. He also met with the "Committee of 38," young officers who had taken over the government to try to get it on the proper track. Gen. Norstad said that he had reported on this matter to Sec. Herter before seeing the President.⁵ He told Mr. Herter he thought the military junta would succeed in the task it has set for itself. He thought these officers would get out of the government before they became corrupted. General Norstad said he thought the attitude of the U.S. toward the Gursel Government should be sympathetic. The President asked me to prepare a note that he might send to Gursel. (I did so, working out exact text

Source: Eisenhower Library, Whitman File, DDE Diaries. Secret. Drafted by Goodpaster on August 8.

¹ A memorandum of Eisenhower's conversation with Norstad on March 11 is *ibid*.

² No record of Adenauer's conversation with Norstad has been found. Norstad's plan for an inspection zone has not been found.

³ August 1.

⁴ On May 27, the Turkish Government was overthrown by a military group headed by Lieutenant General Cemal Gürsel, who became President and Prime Minister.

⁵ On August 2, Norstad met with Herter and Department of State, Department of Defense, and Atomic Energy Commission officials. Memoranda of conversation on the items discussed are in Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199.

with the State Department; the President approved the note for dispatch later the same day.)⁶

Gen. Norstad next said that he had received a complete "clean bill of health" from the doctors, and has been completely active for the last six weeks. He said his heart specialist was a Colonel Walker, who is to be Mattingly's replacement at Walter Reed, and is a truly outstanding and fine man. Gen. Norstad next raised the question of succession for himself. He said he is not asking for relief, but can carry on for a reasonable time, such as a year, for example. The President said that he thought it would be a good thing for Norstad to stay for another year. He asked whether Gen. Norstad knows of any foreign government which does not want him to stay on. Gen. Norstad said he was aware of none. The President said Sec. Gates had spoken to him a time or two as to the possibility of assigning Gen. Lemnitzer as SACEUR. The President thought this probably means that Gates would like to have Adm. Burke⁷ as Chairman of the JCS. The President does not want this solution, however, and thinks it is time to give the Chairmanship to Gen. Lemnitzer. The President said there is need for stability in the top echelons of our armed services, and said he will tell Mr. Gates that he does not contemplate a change in Europe until Gen. Norstad wants to be relieved, or his health requires relief. Gen. Norstad said that he had put his personal feelings before the Joint Chiefs earlier in the day, and that none had expressed a contrary view.⁸

The President then went on to say that it is not possible to bring a man in "cold" to the position of SACEUR with prospect of success—that there must be a period in which he and the Europeans get to know each other. Gen. Norstad reverted to the point that he has now served about four years as SACEUR, and thinks this is generally about the correct length of tour. He added that if the Government has a better solution, that at any time he is quite ready to turn over the job. The President reiterated that he thought it would be best for Norstad to stay on for a year or so.

The President next raised the point that he has become very dissatisfied regarding our relationships with our allies in the matter of atomic weapons and missiles. The US Government seems to be taking the attitude that we will call the tune, and that they have inferior status in the alliance. He said he recognizes dangers and difficulties in bilateral, or selective arrangements, with only a few of the countries. [4-1/2 lines of

⁶ Eisenhower's brief message to Gürsel was transmitted in telegram 233 to Ankara, August 4. (*Ibid.*, Central Files, 611.82/8-460)

⁷ Admiral Arleigh S. Burke, Chief of Naval Operations.

⁸ No other record of Norstad's conversation with the JCS has been found.

source text not declassified] He stressed that we must not treat our allies as secondary in their role, but should solve the problems of the alliance functionally. *[1-1/2 lines of source text not declassified]* We must devise arrangements that will prevent untoward developments or misuse. This will, of course, not be easy. He thought Italy, Germany, France and Britain would all want such weapons. They should be handled as NATO weapons, to be utilized in “over-all” or strategic purposes. He thought we should be as generous with our allies in this matter as we think they should be in other questions involving the alliance. He said he had considerable sympathy for the point of view of de Gaulle in this question. He is trying to build up his country, and we persist in treating them as second-rate. The President said this is why he wants the study to be made. He will make his recommendation and then leave the matter to his successor. Gen. Norstad said he strongly favored a multilateral solution, in which the weapons are turned over to NATO as an entity. He thinks bilateral solution would be destructive, and would involve discrimination against the Italians, Belgians, etc., which he thinks it very important to avoid. The President thought this might be accomplished by holding the control of the weapons at or above a certain echelon of NATO command. Gen. Norstad said he thought the problem could be solved on a NATO basis. There would be certain requirements for weapons. The US would make them available to the alliance during its life in its present form. The US could maintain custody, or joint custody, but NATO would exercise the essential control. Specifically, NATO authority would have the power of decision as to their use. The President asked whether Gen. Norstad thought Gen. de Gaulle would accept this arrangement. Gen. Norstad said he might not, but this offer would take away every legitimate complaint that de Gaulle now has. *[9-1/2 lines of source text not declassified]*

[1 paragraph (14 lines of source text) not declassified]

The President asked Gen. Norstad if he saw any reason why the French should not be helped to build an atomic submarine. Gen. Norstad said he would favor giving them this help. The President commented that the Atomic Energy Act is a very defective and “terrible” law, which has done great harm to the conduct of our relations with our allies. Gen. Norstad commented that the submarine raises an entirely different question with regard to the moral issue. He assumed we are not talking about a Polaris submarine with atomic missiles, and the President agreed. The President thought the allies would be wise to let the US carry the Polaris responsibility. At this point the President asked me to check the status of Gen. Norstad’s multilateral proposal of last year, and make sure that the three agencies studying the question give consideration to this proposal. He said the study should also include submarines.

Gen. Norstad asked that I have the Departments involved let Gen. Norstad know what they are doing in the matter.

Finally, Gen. Norstad said it would be useful to him if he could see some of the President's letters to Gen. de Gaulle. He realized these are very tightly handled. The President commented that it could be embarrassing to him if this very private correspondence were to be circulated. He agreed, however, that Gen. Norstad might receive a memo giving the gist of the questions when a matter affecting SACEUR's responsibility is involved. General Norstad said that Gen. de Gaulle is invariably extremely friendly in his manner toward him, and in his references to the President. The President said he would like to make some sort of a friendly gesture toward de Gaulle, particularly in light of recent reports that de Gaulle feels US policy is in the doldrums until a new administration comes in. Gen. Norstad confirmed that this is de Gaulle's view. He added that de Gaulle is making the most of it to some extent to try to seize leadership, in concert with Adenauer.

G.
Brigadier General, USA

264. Memorandum of Conference With President Eisenhower

August 16, 1960.

OTHERS PRESENT

Mr. Robert Bowie, Gen. Goodpaster

Mr. Bowie said he wanted to give a brief oral report on the ten-year study on NATO that he has been making.¹ On the military side, he said he sees an urgent need for a new look at the strategy of NATO in light of the Soviet nuclear development. Action is needed respecting, first, a strategic strike capability in the European area, and, second, the "shield" forces.

As to the strategic capability, the Europeans want to have some nuclear weapons under their own control. Mr. Bowie said that the national

Source: Eisenhower Library, Whitman File, DDE Diaries. Top Secret. Drafted by Goodpaster on August 19.

¹ For an extract of Bowie's report, see Document 266.

programs now being carried forward are very bad and are having a divisive effect. He suggests instead a multilateral program. As the first stage of such a program, the United States would assign some Polaris submarines with missiles to NATO. The assignment should be irrevocable, with a commitment that we will not pull them out [6-1/2 lines of source text not declassified] As the second stage, we would help the Europeans develop indigenous strike forces of a multilateral, multinational character (even including mixed crews in all probability). We would have to agree on the method of use of such a collective force. It might be that we would keep the warheads in our possession, [less than 1 line of source text not declassified].

Mr. Bowie said he saw a number of merits for these schemes over the national force approach. Also, he thought the use of the Polaris was much better than proposals for land-based weapons, [2 lines of source text not declassified].

With regard to the shield forces, Mr. Bowie thought that the non-nuclear elements should be enhanced and brought up to something like the 28–30 divisions contemplated in SHAPE plans. These should be equipped for, and capable of, non-nuclear fighting. The Europeans are not drawn with enthusiasm to the prospect of tactical nuclear war on their own homelands. He did not think that there could be a stage of conflict between the non-nuclear and the all-out strategic attack—in other words, there can be no war limited to tactical nuclear war in Europe. Accordingly, he felt we should take a very hard look at our MRBM proposals and our tactical nuclear planning. He thought we should have enough tactical nuclear weapons of up to several hundred mile range to prevent an enemy from being able to mass forces against us. He did not see reason or need to go to a 1,200 mile missile.

At this point the President commented on Mr. Bowie's remarks. He said he was in accord with the first part of Bowie's thesis—about the unsatisfactory state of the alliance insofar as atomic cooperation is concerned. The difficulty in his judgment is not with the Europeans but with our own Congress, which strives to keep in its own hands details of military foreign policy and similar operations. He said the Joint Committee on Atomic Energy is unconstitutional in its functions. The President said he agreed that we are not going to have a tactical nuclear war in Western Europe. In fact, he said he cannot see any chance of keeping any war in Europe from becoming a general war. For this reason he thought we must be ready to throw the book at the Russians should they jump us. He did not see how there could be such a thing as a limited war in Europe, and thought we would be fooling ourselves and our European friends if we said we could fight such a war without recourse to nuclear weapons. If massive land war operations such as the Ludendorff offensive in early 1918 in World War I were to occur, he was sure

that nations would use every weapon available to them. Mr. Bowie said that he did not see the Soviets attempting to mount a massive land attack in Europe. The point is psychological and political more than military. If the Europeans think that they are in a situation where they cannot resist at all if they do not use all-out nuclear attack, the probability becomes great that they would not resist and accordingly could not prevent Soviet encroachment. What he is suggesting is that we should be careful that we would not end up deterring ourselves.

The President said he thinks it is of the greatest importance to have this kind of thinking. He assured Mr. Bowie he would read his report, when it is available, most carefully. He noted that the Bowie proposal is the antithesis of de Gaulle's line of thought. De Gaulle apparently wants the atomic weapons completely in his own hands. Only when he has these things himself will he talk about "collective forces". He thinks de Gaulle gives only lip service to the basic idea of NATO. Mr. Bowie acknowledged that these proposals will probably not be acceptable to de Gaulle. However, one of their merits is that they permit us to go ahead with the first step. He also noted that officials in the French Government below de Gaulle do not agree with his approach and philosophy. The President commented that the ability to carry out the first step seems to be dependent upon the Congress. Mr. Bowie said this matter is not completely clear, since the weapons will in fact be retained in our hands, and the President will say that he will consider SACEUR's decision as his own. The President commented that if the Europeans are not willing to accept the idea of collective defense by multiple rather than national forces, the whole NATO concept will fall apart. Mr. Bowie agreed with the qualification that if the four or five big industrial powers will not work intimately together in the next ten years, we are in trouble.

The President said he has very much on his mind the question as to how NATO can act in harmony on a world-wide scale. Perhaps a geographical division of effort would be possible, with the French concentrating on their community, the British on the Commonwealth, the Germans perhaps on the Mid-East, and ourselves elsewhere. This did not really look like a feasible scheme to him, however. Mr. Bowie said that the present may be a critical point in time in one respect. The British, in his judgment, should throw their lot in with the continent. This is an historical opportunity for them, and perhaps for us to influence them. He suggested that we put our weight behind this. The President commented that Adenauer seems to be pulling back somewhat from the European concept. He added he thought it would be good to see Britain in this grouping. Mr. Bowie agreed that Britain is the key element to the success of this idea. The President thought it could be presented to them in terms that they would be going back to the balance of power, contributing their wisdom, experience and sturdiness to European affairs. Mr.

Bowie thought we should tell them that they have to get into the European grouping in order to make these qualities effective.

The President recalled that he had told Churchill years ago that Britain is faced with three choices and will soon have to adopt one of them: to make the Commonwealth a single nation (which seems impractical); to join up with the continent; or to join the U. S. as several additional states. Mr. Churchill did not welcome the suggestion. Mr. Bowie repeated that the next few months in his opinion are a critical turning point. He thought Adenauer has lost his nerve over the European approach, and that the British are capitalizing on this to try to water down the European Community. He thought it should not be watered down, but should be developed as a strong political grouping.

[3 lines of source text not declassified] It will be more difficult, and possibly impossible, to get around the problem of Commonwealth preference. Mr. Bowie observed that Commonwealth preferences are a wasting asset, both for the British and for the other Commonwealth members. The President commented that the Canadians, for example, are at the moment very Commonwealth-conscious, trying to orient their trade to Britain.

The President said he thought he agreed with all of Mr. Bowie's remarks except the possibility of having a land struggle in Europe. Mr. Bowie said his proposal is that, if we have the capability to conduct some operations of this kind, we will probably not need it. The President said he felt sure we would never see another grinding type of conflict along the lines of World War I. He recognized that perhaps there has been a gap in his own thinking regarding this question. Since the costs of developing and maintaining such a force would be quite large we come to a matter of priorities. Our gold outflow has been such that we cannot take on too much of a burden of supporting the development of conventional forces. Mr. Bowie thought that we should aim at strategic forces up to a couple of hundred missiles. We could cut on tactical nuclear forces and put the savings into the shield. The President agreed that if we have Polaris submarines there should not be a need for so many tactical missiles. He asked me to arrange to have General Norstad come in the next time he is in the States, preferably with Mr. Bowie. I commented that he will be here in mid-September.

The President said the overall question is to face up to the dilemma of how we make ourselves secure in our alliance without destroying the alliance. This is the real problem that de Gaulle has raised. He asked me to set up a "couple of hours" for the discussion he mentioned. He said if the scheme looks reasonable, he would be ready to battle with de Gaulle about it.

G.
Brigadier General, USA

265. Memorandum of Discussion at the 457th Meeting of the National Security Council

August 25, 1960.

[Here follows a paragraph listing the participants at the meeting.]

1. *Increased Nuclear Sharing With Allies* (NSC 5906/1, paragraph 24-c; NSC 5910/1, paragraph 42-a; NSC Actions Nos. 2140-b, 2166-b-(9), 2204 and 2274-d and -e; Memo for NSC from Executive Secretary, same subject, dated August 23, 1960)¹

Mr. Gray began his briefing on the subject by reading the first two sentences of Paragraph 1, all of Paragraph 2, and all of Paragraph 3 of his Briefing Note. (A copy of Mr. Gray's Briefing Note is filed in the Minutes of the Meeting and another is attached to this Memorandum.)²

The President said that a number of new ideas on the subject of nuclear sharing had been presented to him and he thought that they should be thrown in the hopper. One such idea came from Mr. Robert Bowie, for whom the President had a great deal of admiration.³ Mr. Bowie has been making a study in the State Department of the reorientation of some strategic concepts from the political point of view. [9-1/2 lines of source text not declassified] The President thought that Mr. Bowie's ideas were sufficiently challenging to old concepts to warrant serious consideration in any discussion of nuclear sharing. The President said that after an hour's conversation with Mr. Bowie, it had been arranged that Mr. Bowie would return to confer with the President on September 12 together with General Norstad. The President wondered whether it would be profitable to discuss at this meeting the pros and cons of increased nuclear sharing presented in the paper before the Council. The President remarked that Mr. Bowie had convinced him that many current ideas, including some which he (the President) had held, were not sacrosanct.

Mr. Dillon reported that Mr. Bowie is preparing a written report which should be available by the end of the week.

Source: Eisenhower Library, Whitman File, NSC Records. Top Secret; Eyes Only. Drafted by Boggs.

¹ Regarding paragraph 24-c of NSC 5906/1, paragraph 42-a of NSC 5910/1, and NSC Action Nos. 2166 and 2274, see footnotes 7 and 8, Document 261. Regarding NSC Action No. 2140, see Part 2, Document 144, footnote 9. NSC Action No. 2204 is not printed. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council) The August 23 memorandum transmitted the draft report on nuclear sharing with Allies prepared by the Departments of State and Defense and the AEC. (*Ibid.*, NSC 6017)

² Not printed.

³ See Document 266.

[9-1/2 lines of source text not declassified] Mr. Bowie had had a great deal to say about deterring small wars. The President was unable to agree with Mr. Bowie on this point. It seemed to the President that the risk of a small war becoming a general war was so great that we must place our main reliance on strategic deterrence. The President felt so uncertain in his own mind about nuclear sharing that he would like to see the problem restudied.

Mr. Gray remarked that he had exerted a certain amount of pressure in order to have the subject of nuclear sharing discussed at this Council meeting. Some of the agencies concerned were not fully ready for the discussion but he had felt it was desirable to bring the matter up in order that a decision might be made on whether to seek legislation at the present session of Congress. The President remarked that when he had referred to the possibility of seeking legislation on nuclear sharing at this session of Congress (at the August 1 NSC Meeting in Newport),⁴ he had not known what the current session of Congress would be like. It was clear by now that the present session of Congress would engage primarily in politics and that no legislation on nuclear sharing could be passed.

Mr. Gray then referred to the problem of nuclear submarine sharing. [12 lines of source text not declassified]

Mr. Gray, after expressing a certain amount of surprise that there was no real difference between the agencies on nuclear submarine sharing, wondered whether the Council should not attempt to settle the nuclear submarine problem at this meeting. Secretary Gates felt that the problem of nuclear submarine sharing could not properly be dissociated from the other problems set forth in the paper.

[3 paragraphs (1-1/2 pages of source text) not declassified]

Secretary Gates thought the subject of nuclear sharing had been scheduled on the Council agenda without any intent to arrive at firm decisions at this meeting. He felt some very critical questions were involved, including our attitude toward France, that is, whether we would or would not assist France to achieve a nuclear capability. He believed a decision on this question would be required within the next few months. [5-1/2 lines of source text not declassified] Secretary Gates did not want to delay recognition of the fact that critical decisions need to be made soon. The main point of the Council discussion today would be to focus attention on the problems of nuclear sharing, to have the Council members understand these problems, and to ask Council members to think them over carefully. However, Secretary Gates felt that decisions on nuclear sharing should not be postponed longer than two months.

⁴ See Document 261.

Secretary Gates also felt that the problem of nuclear sharing with France was the key to the entire problem of nuclear sharing. He asked whether General Twining wished to add anything.

General Twining believed that Secretary Gates' remarks had covered the subject. He wanted to be sure that the President understood the views of the Joint Chiefs of Staff. [19-1/2 lines of source text not declassified]

[2 paragraphs (15 lines of source text) not declassified]

Secretary Dillon agreed with Secretary Gates that the nuclear sharing problem was an important one and that decisions concerned with it should not be long delayed. He felt, however, that the way in which the problem had been posed in the paper before the Council for discussion today created difficulties. The problem as stated in the paper was too broad. General Twining had succinctly expressed the views of the State Department. Secretary Dillon agreed that the problem of nuclear sharing was essentially the problem of what to do about France. [51-1/2 lines of source text not declassified] Summarizing, Secretary Dillon said the problem of nuclear sharing was really the problem of France and the effect of nuclear assistance to France on our other NATO allies. If U.S. nuclear assistance to France would create jealousy in NATO, then we should be reluctant to give such assistance. In any case, Mr. Dillon believed that the problem stated in the paper was too broadly stated and that it should be narrowed down to focus on France.

[2 paragraphs (25 lines of source text) not declassified]

General Twining remarked that the Joint Chiefs of Staff had known Mr. Bowie for some time. They felt he was a very persuasive individual but they did not always agree with him and they hoped that any proposals which he might make would be passed along to the JCS for comment. The President said the JCS should be present when Mr. Bowie makes his presentation on the future of NATO. Secretary Dillon remarked that Mr. Bowie was preparing a written report which would be transmitted to the JCS.

[2 paragraphs (16 lines of source text) not declassified]

Secretary Anderson noted that the Council had discussed the question of whether MC-70 is still a valid planning document. He pointed out that if any changes were to be made in the MC-70 concept, such changes might have considerable effect on the U.S. budget. Since December would be budget time, he wondered whether State and Defense could accelerate their consideration of the MC-70 requirements.

Secretary Gates did not believe that MC-70 requirements could be changed in time to have any effect on the FY 1962 budget. MC-70 was a plan for the years 1958-1963. However, it would be possible to take a close look at the 1963 MC-70 figures. Mr. McCone asked when the review of MC-70 requirements would come up. Secretary Gates said that

the review was now going on. Secretary Dillon said the fundamental review for 1963 would take place next year. Mr. Irwin pointed out that General Norstad was engaged in an extensive review of MC-70 as it concerned the last two years of the 1958-1963 period. He did not know whether the Norstad review was directed toward a fundamental change in MC-70 or whether it was focussed on extending the MC-70 plan beyond 1963. In any case, the Norstad study which was due to be completed in about two months, would provide a framework for a review of MC-70 within this government. Secretary Gates remarked that thus far General Norstad had been unwilling to reduce any MC-70 requirements.

Secretary Dillon believed that if the U.S. desired a change in MC-70, it should inform the NATO Council that a review is necessary. The U.S. should then suggest that the NATO Council examine the political directive under which MC-70 was prepared and ask the NATO military commanders for a new plan. The earliest time at which we could begin this process would be the NATO Council meeting in December. However, he would not want to suggest to the NATO Council a review of MC-70 unless there was agreement in this government as to the military direction we wished to take in NATO. Mr. McCone felt the development of Polaris since the formulation of MC-70 was a good reason for a review of the MC-70 concept. Secretary Dillon agreed but repeated that he would be reluctant to suggest a complete review of MC-70 before our own military objectives were clarified. Mr. Stans pointed out that both the U.S. and its allies had failed to fulfill MC-70 requirements. Secretary Gates believed that General Norstad would argue that Polaris would only be a substitute for the fighter bombers that he has been losing. General Norstad would probably oppose any fundamental change in the policy reflected in MC-70. Mr. Stans asked whether Mr. Dulles' report on reductions in Soviet forces had any bearing on a review of MC-70.⁵ Secretary Dillon believed the key factor was whether we could develop a new concept as to the ground forces needed on the front line in Europe. If it was determined that thirty divisions were still needed, a reshuffle of forces rather than a fundamental review of MC-70 was indicated. Secretary Anderson felt that an equally important question was whose divisions are needed on the front line. Secretary Dillon believed that if we did not have some of our own divisions there, we would have

⁵ At the preceding meeting of the NSC on August 18, Allen Dulles "indicated that he had intended to brief the Council on Soviet military realignment and force reduction but that he would either postpone this item to a later meeting or would circulate the material." (Memorandum of discussion, August 25; Eisenhower Library, Whitman File, NSC Records) This material, if circulated, has not been found.

to provide military assistance to nations whose divisions were there as long as a level of thirty divisions was considered necessary.

The President felt it was difficult to understand why the European countries could not provide more divisions. He pointed out that France and other European countries had maintained very large armies until 1914. Secretary Dillon said these armies were largely conscripted armies. The President agreed. However, these conscripted armies did not have the wealth of equipment present day armies possess. The President repeated his view that Europe should provide the ground force if the U.S. is to be expected to provide SAC, a navy, and nuclear capability. Secretary Dillon felt the Germans could certainly provide a few more divisions. The President believed the Germans were dragging their feet.

Mr. Gray remarked that the discussion had been a long one in view of the fact that the President had asked for no discussion. He then asked whether or not the JCS should consider the desirability, from a military point of view, of recommending changes in MC-70 in preparation for possible U.S. proposals to the NATO Council in December. Mr. Gray also hoped that the President would set the deadline for resubmission of the report on nuclear sharing to the Council. He wondered whether the President wanted the Secretaries of State and Defense and the Chairman, AEC, to prepare a revised report or whether this was a task for the Planning Board.

The President said we would be studying this question in a vacuum until we knew what we would get Congress to do. He felt careful consideration should be given to the problem of consultation with Congress. Mr. McCone said it was clear from the law and from legislative history that not even France at the present time qualified for receipt of U.S. nuclear information or material. We could, of course, endeavor to change the law or reinterpret the legislative history. Secretary Dillon asked when France would qualify. Mr. McCone said that this was a difficult question to answer. From legislative history it was clear that conducting a few nuclear tests did not qualify a country to receive U.S. nuclear information or material under the law.

[1 paragraph (6-1/2 lines of source text) not declassified]

Secretary Gates believed the legislative question should be studied carefully and that the Administration should seek to diminish the influence of the Joint Committee on Atomic Energy on these matters. The Attorney General⁶ felt the law could be reinterpreted if such reinterpretation were believed desirable. He believed such a reinterpretation would be acceptable if we could show Congress that it was in our security interests.

⁶William P. Rogers.

The President did not favor an attempt to reinterpret the law. He believed we should place our case on nuclear sharing before the military committees of Congress and ask them to secure Congressional endorsement of our program. The defense of the Western world was involved in this question and the President did not want to take up such a question with the Joint Committee. Secretary Gates agreed. The President said Senator Russell and Representative Vinson⁷ would give serious attention to Administration proposals. Secretary Gates said we should at least consult the military committees of Congress at the same time we consult the Joint Committee. The President preferred to put the problem where it belonged, that is, with the military committees of Congress. We need not apologize for talking to the military committees about this problem. We might even want to talk to the foreign relations committees. Consulting with the Joint Committee only amounted to letting politicians tell us how to carry out our defense policy. Mr. McCone agreed with the President's remarks.

Mr. Gray suggested that the President ask the Secretaries of State and Defense and the Chairman, AEC, taking into account General Norstad's views and Mr. Bowie's recommendations, to prepare a revised report on nuclear sharing. The President believed that the Secretary of Defense together with the Chairman, JCS, should consult with the military committees of Congress. The committees should be made aware of our problem; they should be told that the present pattern is not necessarily the best for purposes of defense and that we could do better in the nuclear field for less money under new arrangements. Secretary Gates agreed that such a procedure would at least dilute the present influence of the Joint Committee.

Secretary Gates then suggested that Mr. Gray should set the deadline for resubmission of the nuclear sharing report to the Council and should make the arrangements for preparation of the report. Mr. Gray said he hoped the President would assign the responsibility to some official or officials. The President said that in talking to the chairmen of the military committees of the Congress, Senator Russell and Representative Vinson, we should present our whole case. Mr. Gray said that the difficulty was that we did not yet know what our case is. He hoped the President would issue a directive concerning future Council consideration of the problem. The President said that Mr. Gray should arrange for preparation and early submission to the Council of a revised report on future nuclear capabilities in the NATO area, including recommendations regarding France.

⁷ Richard B. Russell, Chairman of the Senate Armed Services Committee; and Carl Vinson, Chairman of the House Armed Services Committee.

*The National Security Council:*⁸

a. Discussed the subject in the light of the draft report, prepared by an Interdepartmental Working Group consisting of officials of the Departments of State and Defense and the Atomic Energy Commission, as a response to NSC Action No. 2274-d and -e, and transmitted by the reference memorandum of August 23, 1960.

b. Noted the President's directive that the Special Assistant to the President for National Security Affairs arrange for the preparation, not later than October 15, 1960, of a report on U.S. policy regarding future nuclear weapons capabilities in the NATO area, including recommendations as to whether or under what circumstances it might be in U.S. security interests to enhance the nuclear weapons capability of France. This report should contain suggestions regarding appropriate legislative action, if necessary, to carry out policy recommendations. This report should take into account two studies on NATO, one by Mr. Robert Bowie for the Department of State and the other by the Department of Defense which is being prepared in connection with the joint State-Defense report to the Planning Board and the Council on "The Future of NATO", as called for by NSC Action No. 2219-b, and the forthcoming consultations with General Norstad.

[Here follows the remaining agenda item.]

Marion W. Boggs

⁸ Paragraphs a and b constitute NSC Action No. 2292, approved by the President on September 13. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council)

266. Report Prepared by the Consultant to the Department of State (Bowie)

August 1960.

THE NORTH ATLANTIC NATIONS: TASKS FOR THE 1960's

Summary

CHAPTER ONE: *Challenge of the 1960's*

1. *Basic Goals* (pp. 19–23)

The Atlantic nations must try, over the long run, both:

(a) to shape the basic forces at work in the world, so as to create a viable world order; and

(b) to prevent the Sino-Soviet Bloc from undermining that order or from dominating non-Communist countries.

2. *Major Tasks* (pp. 24–25)

To fulfill this dual goal, the Atlantic nations must:

(a) assure their defense;

(b) assist modernization of less developed areas;

(c) develop a common strategy toward the Bloc;

(d) mobilize the resources required to accomplish their purposes;

(e) create a political framework within which they can work together to these ends.

This report analyzes these five tasks and the kind of actions which the Atlantic nations must undertake in order to discharge them. In pursuing these tasks, the Atlantic Community should rediscover the cohesion and sense of purpose which marked its creation over a decade ago.

CHAPTER TWO: *NATO Defense*

1. *The Problem* (pp. 27–38)

During the 1950's, NATO's strategy was based on decisive US superiority in strategic and tactical nuclear weapons. Under these

Source: Eisenhower Library, Staff Secretary Records, Bowie Report. Secret. The report comprised a title page, table of contents, Bowie's letter of transmittal to Secretary Herter, a summary, and six chapters. Only the summary is printed here. Herter first proposed such a report at the NATO Ministerial Meeting at Paris on December 15, 1959; see footnote 7, Document 238. Background on the invitation to Bowie, former Assistant Secretary of State for Policy Planning, 1955–1957, and the kind of study the Department of State wanted prepared is in a memorandum from Ivan B. White to Merchant, February 20. (Department of State, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, NSC 6017)

Attached to the source text is a memorandum from John A. Calhoun (S/S) to Goodpaster, August 29, which noted that the Secretary had not yet seen the report. That memorandum bears the President's initials. Comments on the Bowie report are *ibid.*; additional documentation is *ibid.*, Central File 740.5. An October 10 letter from Herter thanked Bowie for preparing the report. (*Ibid.*, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, NSC 6017)

conditions, the strategy was effective in deterring aggression and maintaining the confidence of our allies.

Growing Soviet missile-nuclear capabilities are now eroding the credibility of the threat of a strategic nuclear response to less than all-out Soviet attack. In consequence, NATO Europe may become vulnerable to threats of both limited aggression and nuclear blackmail: Europeans will fear both an excessive NATO response to limited aggression and the absence of a US strategic response to greater threats. The Soviets may seek to exploit this vulnerability for divisive effects.

[1 paragraph (3 lines of source text) not declassified]

2. *Basic Approach* (p. 38)

A viable NATO strategy for the 1960's must:

(a) enhance the non-nuclear capability of Shield forces to resist attack by Soviet ready forces and substantially lessen their dependence on nuclear weapons;

[1 paragraph (2 lines of source text) not declassified]

3. *Revised Shield Strategy* (pp. 39-51)

The enhanced non-nuclear capability could be based on central front Shield forces somewhere near SACEUR's target of 30 divisions, which will come within reach when the German build-up is completed. These forces must be better trained and equipped and have more adequate reserves. The added costs may be partially offset by some economies, and should be well within NATO capabilities. Our NATO allies should be the more willing to meet these costs, because they would be related to the only kind of strategy that makes sense for European countries.

[7 paragraphs (2-1/2 pages of source text) not declassified]

5. *Evaluation* (pp. 65-72)

The above Shield and deterrent proposals would be inter-dependent. Together with US strategic power, they would deter Soviet military actions against the NATO area; they would also safeguard against Soviet blackmail for divisive or political purposes, and go far to meet legitimate European concerns.

CHAPTER THREE: *The Atlantic Nations and the Less Developed Countries*

1. *The Problem and the Atlantic Nations' Stake In It* (pp. 73-79)

The Atlantic nations have a vital interest in the continued independence, internal cohesion, and stability of the less developed nations.

This interest is only likely to be fulfilled if the less developed countries can progress toward modernization under moderate governments and through evolutionary means. The obstacles are formidable; decades or even generations will be required.

Basic responsibility for achieving this progress must rest with the less developed countries. The Atlantic nations can make a significant contribution, however, since they possess most of the needed outside resources.

2. *Financial and Technical Aid* (pp. 79–86)

Over the next decade, the Atlantic nations should plan to double or triple their financial aid to the less developed countries. If equitably shared, this burden can be reasonably assumed by healthy Atlantic economies.

It will be more difficult to meet the need of many less developed countries for people and institutions capable of effectively launching and prosecuting their own development programs. To do this, they will require the advice and services of outside experts, help in training their own officials and experts, and assistance and encouragement in their self-help efforts.

Bilateral programs by the Atlantic nations will be important in meeting this need. They should be administered for their long-term effect on the less developed countries' modernization, rather than for short-term political or commercial advantage.

International and private agencies have many advantages in meeting the need defined above: Their intimate participation in nation-building is more likely to be welcome; they are better able to insist on rigorous self-help; and their efforts are less apt to serve as a precedent for Soviet activity. The Atlantic nations should, therefore, make a special effort to enhance the effectiveness of international and private aid to less developed countries.

(a) They should support making the *UN Special Fund*¹ into a key instrument for helping governments of less developed countries plan and organize their over-all development programs. They should favor enlarging the Fund's scope and resources and giving it policy direction of related UN programs, as necessary to this end.

(b) They should support an increasing role for the *IBRD* and *IMF* in advising governments of less developed countries, and an expansion in the resources of the IBRD's affiliate—the International Development Association.²

(c) They should establish a *Development Center* to promote (i) two-way contacts between civic, business, and professional and labor groups in the Atlantic and less developed nations; (ii) the recruiting

¹ The U.N. Special Fund, established on January 1, 1959, assisted less-developed countries to accelerate their economic growth by sponsoring projects designed primarily to facilitate public or private capital investment.

² The International Development Association, an international agency composed of 15 nations for financing economic growth in the less developed nations, came into being on September 26 as an affiliate of the International Bank for Reconstruction and Development.

and training of young people in the Atlantic nations for service in less developed areas; and (iii) research on key development problems.

3. *Trade With Less Developed Countries* (pp. 87-93)

In view of the dependence of the less developed countries on trade for foreign exchange, the Atlantic nations should:

(a) cooperate in developing feasible methods for mitigating the effects on less developed countries of drastic changes in prices of their primary exports; and

(b) reduce the barriers to these countries' exports of manufactured products. This reduction might be undertaken simultaneously by all the Atlantic nations, so that its burden could be shared. The domestic impact might be cushioned by compensatory assistance to the groups most directly affected.

4. *Public Order* (pp. 93-97)

The Atlantic nations should seek to enhance UN capabilities for maintaining peace and order in less developed countries. They should be prepared to earmark contingents or transport facilities for use by future United Nations forces, and they should urge other countries to do the same.

The US and some other Atlantic nations should maintain effective forces which could be used, in limited operations, to help less developed countries to maintain order or resist aggression.

CHAPTER FOUR: *Relations with the Communist Bloc*

1. *Basic Approach* (pp. 99-101)

In concerting their strategy regarding relations with the Bloc, the Atlantic nations must reconcile the requirements of simultaneously *competing with* and *dealing with* the Bloc. They need to maintain both:

(a) an unremitting awareness of Bloc hostility, even when the Bloc is following a soft line; and

(b) a continuing desire for useful relations with the Bloc, even when tensions are at their peak.

2. *Economic Relations* (pp. 102-105)

The Atlantic nations should maintain existing limited controls on trade, partly as a stand-by safeguard, and should also agree to hold the annual volume of private credits to the Bloc to approximately the existing level.

3. *Exchanges* (pp. 105-107)

The Atlantic nations should press for widening contacts with the Bloc, and should:

(a) try to agree on common objectives and guidelines for their bilateral exchange programs;

(b) exchange information secured through these programs among themselves.

4. *Psychological Warfare* (pp. 108–109)

The Atlantic nations should seek greater coordination of objectives and actions in psychological warfare against the Bloc, in order to increase its potential impact.

5. *Arms Control* (pp. 109–113)

The NATO countries should seek more actively to develop arms control measures which would serve to reduce the risk of accidental war, to hinder the spread of national nuclear capabilities, to stabilize deterrence, and possibly to enhance regional security in Europe.

In order to facilitate genuine negotiation, the NATO allies should consider allowing the US to negotiate with the USSR in accord with agreed policy. In that case, the US should consult regularly with its NATO partners about the progress of negotiations.

CHAPTER FIVE: *Resources of the Atlantic Community*

The steady growth and effective use of resources in the Atlantic nations is essential for meeting the tasks ahead. To this end:

1. The Atlantic nations, especially the larger ones, should concert their economic policies more effectively through OECD to stimulate more rapid growth. They should be willing to discuss freely all aspects of domestic economic policies and should seek to arrive at a common view of appropriate policy objectives and priorities. (119–121)

2. They should consistently seek to reduce and remove restrictions on trade. The US should take the lead by drastically revising its trade agreement legislation to permit negotiation of substantial tariff restrictions in GATT. The long-range goal should be to move toward free trade, at least among the more advanced nations. (121–127)

3. The US should join a reconstituted European Monetary Agreement. (127–128)

4. The Atlantic nations should make a renewed effort to ensure fuller and more concerted use of their scientific capabilities. (128–134)

5. They should expand research and development to meet NATO's need for non-nuclear weaponry; and should intensify efforts to secure coordinated production of major military matériel in Europe, and eventually throughout the Alliance. (134–141)

CHAPTER SIX: *Requisite Political Framework*

Concerting of policies and actions by the Atlantic nations, as discussed in prior Chapters, will require a firmer political framework.

1. *Evolving Relations* (pp. 143–148)

The creation of an adequate framework is complicated by the fact that relations among the Atlantic nations are in transition. With boom-

ing recovery, European nations have regained their confidence and aspire to a larger role in the Alliance and in world affairs. Their total potential would justify and support such a role, if effectively marshalled in an integrated Europe. With the existing disparity in strength and influence, however, even the largest of the existing European nations cannot now be an equal partner with the US. Tensions are generated by this conflict between desire and reality and by differing policies for curing it on the part of the British, and the European Community, and among the members of that Community.

2. *Structure* (pp. 149–154)

The most radical answer would be Atlantic Confederation. But whatever its ultimate merits, it would be premature at this stage—a source of division and weakness and not of strength. It should not, however, be foreclosed.

The more practical course is to encourage the European Community to become an effective entity, if possible with Britain as a full member, in the interests of the Atlantic Community and of Britain. With comparable resources, the US and a European Community could become full and equal partners for joint policy and action and could fashion the necessary instruments to give effect to their partnership.

3. *Improving Existing Instruments* (pp. 154–159)

In the meantime, NATO and OECD must be strengthened, especially for the concerting of basic planning and policies of their members. Several measures are suggested:

[1 paragraph (6 lines of source text) not declassified]

(b) *An Atlantic Planning Group* should be created to help develop a consensus on the common Atlantic interests on basic issues. Composed of three to five senior and distinguished men, not representing any nation but speaking as individuals, this group would recommend to NATO Foreign Ministers long-range objectives and policies.

(c) To facilitate NATO–OECD coordination, key member states of both agencies should have a single national delegation to both, under a representative able to speak for his Government and to influence its policy making.

(d) To foster wider *public understanding and support*, it would be desirable: (i) to expand the NATO and OECD information program; (ii) to develop the role of the NATO Parliamentarians in relation to both NATO and OECD; (iii) to foster the nascent Atlantic Institute, especially as a basis for wider public activity.

267. Memorandum of Conference With President Eisenhower

September 12, 1960.

OTHERS PRESENT

General Norstad, Mr. Robert Bowie, General Goodpaster

General Norstad began by saying he brought greetings to the President from Chancellor Adenauer. He had met with Adenauer, [*less than 1 line of source text not declassified*] a few days previously for a four-hour discussion on trends and problems in NATO.¹ [*3-1/2 lines of source text not declassified*]

Mr. Bowie recalled that his study on NATO² had brought out, among other things, the need for an increased conventional capacity, the view that there could be no limited nuclear war in Europe, some suggestions for dealing with the problem of a European or NATO strategic deterrent, and the view that a proliferation of individual national deterrents would be catastrophic for the free world. He recalled that he had suggested that a deterrent force of the Polaris type would be valuable, since, being sea-based, it avoids the problem of land bases. [*3-1/2 lines of source text not declassified*] I added that Mr. Bowie had proposed to hold tactical nuclear weapons to a very small total in Western Europe.

General Norstad said the question is as to how much tactical nuclear capability we should have in Western Europe. He did not understand Mr. Bowie to be recommending that we have none; therefore, the difference is one of degree. He said he is in full agreement that we should not lose sight of the importance of our conventional capability in Western Europe. As to the tactical nuclear weapons, he thought the Chiefs of Staff ought to do some detailed study of how much we should have. He thought there were two other suggestions which it would be very profitable for him and Mr. Bowie to discuss with the President. The first of these relates to the control of nuclear weapons, and the question is how to give the Europeans the amount of control they need in order to keep the alliance effective and sound. There are three theoretical solutions: bilateral arrangements; maintenance of the status quo; or a multi-lateral system. [*6 lines of source text not declassified*]

Source: Eisenhower Library, Whitman File, DDE Diaries. Top Secret. Drafted by Goodpaster on September 16.

¹ A summary of Norstad's lunch and discussion with Adenauer, [*text not declassified*] on September 9 was transmitted in telegram 1024 from Paris, September 10. (Department of State, Central Files, 375/9-1060) A copy of the telegram bears a notation in Goodpaster's handwriting: "12 Sept. 60: Reported orally to President by Gen. Norstad. G." (Eisenhower Library, Whitman File, Administration Series, Norstad)

² Document 266.

The President said that he agrees that a multilateral solution is desirable, but pointed out that de Gaulle is completely obstructionist about such a plan. He suggested that perhaps we ought to take up this plan with the small countries, such as Belgium, initially. General Norstad said he is convinced the Europeans would not want the bilateral form of solution. [15 lines of source text not declassified]

[4 lines of source text not declassified] With regard to a peace-time set-up, our problem is the requirement in the Atomic Energy Act amendments of 1954 that a nation to receive the information involved must itself have achieved "substantial progress" in atomic weapons production.³ [6-1/2 lines of source text not declassified]

General Norstad said his proposal is that the United States should turn over an agreed number of such weapons to NATO. The title would pass to NATO, and there would be agreement that the weapons would not be removed from the NATO area. [8 lines of source text not declassified] Mr. Bowie commented that the advantage of Polaris is that it is not necessary to put it on anyone's soil, since it can be kept at sea. General Norstad said it is important to realize that we are not in fact utterly dependent on France. Even if these are land-based weapons, we can base them satisfactorily elsewhere. General Norstad said we should not look for any relief in our problems with de Gaulle. We will have more trouble with him. [5-1/2 lines of source text not declassified] Mr. Bowie said he wanted to make it clear that in the first stage of his Polaris proposal, he thought the weapons should be assigned to NATO. [3-1/2 lines of source text not declassified]

General Norstad said there are two linked, but distinct, questions: first is the control of the nuclear weapons, and the second is the question of an MRBM. On this point the President asked how we are to get tactical nuclear weapons integrated into the forces in Europe. He noted that we will not have enough Polaris submarines for several years to form a force of the size we want for our own plans. As long as we have just a handful of these submarines, no American Government could or would turn them over to NATO. Mr. Bowie said it is not so necessary to turn them over to NATO now. If we lay out a program now, we will by this action meet the major political need. [8-1/2 lines of source text not declassified] The President went on to say that he thinks it is just not practicable, and cited experience with de Gaulle in World War II which shows that on matters of great importance a sovereign nation will exercise its sovereignty on a unilateral basis as de Gaulle did when he threatened to remove his forces from allied command in order to have them protect Strasbourg. He added that de Gaulle will not accept a multilateral

³ See footnote 4, Document 217.

solution in his opinion. General Norstad said he agreed that it was not at all sure that such a proposal would be accepted in Paris. He stated that he did not feel that General de Gaulle would go so far as to expel the command from French soil, however. There is plenty of evidence that other French leaders in the government do not go as far as de Gaulle does in these matters. [2-1/2 lines of source text not declassified]

The President said that what de Gaulle is really aiming at is for the United States and Britain to work with France, on policies affecting Africa, those in Latin America, etc. In addition, if the rest of NATO makes a statement in opposition, de Gaulle thinks the views of the US, UK and France should override. He added that de Gaulle has expounded this theory at great length, asserting that if the leading western nations do not take this action, we will all be lost. General Norstad said he thought these assertions had been effectively answered in the President's last letter to de Gaulle.⁴ General Norstad added that, in his opinion, to concede to de Gaulle what he is seeking would destroy NATO. On this matter Mr. Bowie suggested that we ought to take a rather radical position, telling our NATO partners that we dispose of ten times the power of any single one of them, that the United Kingdom and France are not our equals by any stretch of the imagination and that only a unified Europe would be an equal to us. He said it would be very bad for the French to put across the idea that they, we and the British are a special group. He added that he thought it all wrong to have the idea that the British have a special relationship with us, commenting that this is a notion the British continually try to promote. The President indicated some disagreement with this, stating that we have many special relationships with the British. He added that in all the time Macmillan has been in office since Suez, he has never said that they are equal to the United States in power and influence.

[5 lines of source text not declassified] The President noted that General de Gaulle puts the claim for a special status on two bases. The first is the special US-UK-French responsibility in Berlin. The second is that, except for Belgium (and this is doubtful), de Gaulle feels that only these three nations have substantial responsibilities outside of NATO. [5-1/2 lines of source text not declassified]

Mr. Bowie observed that de Gaulle, on the issues of nuclear weapons and tri-partitism, has taken hold of a valid, limited segment of the problem, but has turned it into a device for enhancing French prestige. He is entitled to more than has been done on these two matters, but he is not entitled to what he is asking on them. [15-1/2 lines of source text not declassified]

⁴ Part 2, Document 197.

General Norstad said he would like to offer a specific recommendation. The first is for a study of the type and level of reaction we should be prepared to make in the event of an incident in Europe. He said that he is in full agreement that we must watch our conventional capability very carefully, and that we must have such a capability. Then he thought the Chiefs of Staff should study in detail how much nuclear strength we should have, and what our non-nuclear strength should be. [7-1/2 lines of source text not declassified]

However, he thinks there should be a new missile, mobile on both land or sea, weighing about one-half as much as the Polaris, held as a command reserve in Europe and not assigned to any particular country. He commented that the United States has always been sensitive to any charge that it tends to throw its weight around in the NAC. He thought the time had now come when most of the Europeans would recommend having the United States exercise an influence in NATO more nearly equivalent to the actual power of the United States. In short, he thought we should take a tougher line.

Mr. Bowie thought that the question concerning the more mobile, light-weight missile should be related to the question of tactical nuclear weapons and the two decided together. He did not believe that this decision should be made in the framework of Mr. Gates' reference to the NAC on the MRBM.⁵ He thought we should explicitly back away from that proposal. Also, he thought we should not wait for the NATO ten-year planning to show what the need is. General Norstad agreed with this and took the position that we should decide now.

The President said the tough part of this is that his hands are tied by the Congress. He said he could solve this problem quickly if he were given a free hand, as he would be if he were a military commander. Without authority from the Congress, he had no basis on which to begin negotiations. He observed that he had no power to delegate the authority to use atomic weapons in event of attack to an allied officer, and doubted if he could ever get that from the Congress. He stressed his belief in NATO and the collective defense concept. He thought probably the only way Europe will ever really become secure is through the creation of a United States of Europe, but felt that NATO moves in this direction. He said he would be glad to send de Gaulle another suggestion on this matter, commenting that de Gaulle has been requesting a meeting of himself, the President and Macmillan.

With regard to the proposal to limit the tactical nuclear weapons in the hands of the forces of Europe, the President said it must be recognized that this process cannot be carried too far. Otherwise our forces

⁵ See footnote 6, Document 254.

would say they are being left without the most effective weapons for their self-defense. Mr. Bowie said that he feels the essential thing is to get the point across that there can be no thought of conducting a large-scale tactical nuclear war in Western Europe—that it will necessarily become an all-out contest.

The President then said that he has just over four months left in the Presidency. He observed that he has spent many years in the NATO business, and enjoys a certain standing and reputation—that his views receive a certain acceptance. He asked what it was thought he could do in the time he has left in office. Mr. Bowie said he thought the President could put forward a multilateral scheme, either along the lines he had suggested or along the lines General Norstad has suggested. He could throw his weight completely against any acceptance of the national approach. Separate national deterrents do not make political, economic or military sense.

[4 lines of source text not declassified] The President recalled that at the beginning of his administration he had told the Defense Department he would eliminate nuclear weapons from the arsenals of the world if he could. At that time the Defense Department people stormed that this would be dangerous and unacceptable. Now he thought they all agreed he was right, because there is no threat by conventional forces that approaches that of the nuclear weapons. He said Mr. Bowie's presentation leaves one big question—how the Western alliance is to meet the large requirements for conventional forces. Mr. Bowie and General Norstad commented that these requirements are not tremendously large, and that the Western alliance exceeds the Soviet Union and its European neighbors in manpower.

The President expressed his appreciation to General Norstad and Mr. Bowie for the discussion and for the thoughtful studies they each have made.

G.
Brigadier General, USA

268. Memorandum of Conversation

October 3, 1960, 11:45 a.m.-1:15 p.m.

SUBJECT

NATO MRBM Force

PARTICIPANTS

The President

General Goodpaster

Mr. Merchant, Under Secretary for Political Affairs

Mr. Kohler, Asst Secy

Mr. Gates, Secy of Defense

Mr. Douglas, Deputy Secy

Mr. Irwin, Assistant Secy

By agreement with Mr. Merchant, Mr. Gates opened the presentation to the President of the proposals for the establishment of a NATO MRBM Force. He pointed out that it was basically a weapons modernization proposal. The project did not involve a revision of existing NATO strategic doctrine though this was also being considered apart from the proposal. A fundamental question was raised by the proposal with respect to the US contribution of five Polaris submarines, specifically, whether these should be new submarines beyond the existing procurement program or just considered as being on loan from the US program with some expectation of withdrawal.

The President commented that the proposal, as respects the US contribution, in a sense would not be fundamentally different than the existing situation as respects US contributions of troops to Europe and other national contributions. Basically the Polaris subs were mobile missile bases.

Mr. Merchant then presented the multinational features embodied in the plan and explained their purposes as being three-fold: first, to provide reassurance to our European allies who were beginning to have doubts, in the era of ICBM's, as to the dependability from their point of view of a purely US controlled deterrent; second, to prevent the development of independent national nuclear capabilities; and, third, to provide a framework within which we might eventually consider the question of nuclear sharing. He pointed out that the plan would have two phases: first, the initial US contribution and, secondly, the NATO

Source: Eisenhower Library, Staff Secretary Records, NATO. Secret. Drafted by Kohler. The meeting was held at the White House. Attached to the source text is a memorandum from Walter J. Stoessel, Jr., Director of the Executive Secretariat, to Goodpaster, October 12, noting that Merchant had approved the memorandum and requesting his approval prior to distribution. A note in Goodpaster's handwriting on Stoessel's memorandum reads: "28 Oct. 60: Told State OK. G."

contribution, presumably by the procurement of US Polaris missiles. Mr. Merchant then presented to the President the coordinated paper developed by State and Defense.¹

The President read the proposal through. He commented that it was difficult to see how SACEUR was so interested in targeting so far back from the front lines. Mr. Gates said that basically General Norstad was seeking replacement for his existing air strike force. Norstad needed a missile with a range of 300–1500 miles and had established a requirement for 300 such missiles by 1965 with an initial increment of 80 in 1963. He noted that Polaris is really not suitable for mobile land-based launchers but is the only MRBM available in the time-frame. Mr. Irwin pointed out that on the Soviet side their short range missiles could take out the bases now used by the strike aircraft.

The President then referred to his conversation with Mr. Robert Bowie.² He had listened for a long time to Mr. Bowie and had been thinking a great deal about the problem. He agreed with the proposal, and with Mr. Gates' remarks about Polaris being too big really to be an acceptable mobile land-based missile. He really believed that if Polaris and ICBM missiles were properly coordinated no change would be required in NATO. There ensued some discussion about targeting, and about the attitudes and apprehensions of the European members of NATO. The President commented that the obligation for the US to act under the NATO provisions specifying that an attack on one was an attack on all was clear and that there was no doubt it would be observed by the US. However he recognized that there was a psychological benefit to more specifically reassuring arrangements. He realized and agreed that the five Polaris submarines should be separate from our own established program for Polaris procurement. Secretary Gates then cited the size of the present US program, with nineteen submarines now on order and plans that in fiscal year 1962 five more should be programmed plus five authorizations for lead items. The President said he had understood the whole program was contemplated for about 40 submarines and he thought we should go ahead now with authorizations for up to 40. Secretary Douglas said there was no agreement as yet among the services as between the figures of 25 and 45, with the relation of the Polaris program and other missiles such as the Pershing still to be decided. Secretary Gates stressed that the immediate problem was that of the financing in the FY 1962 budget which was now being developed. In this connection he said he feared there would be a lot of criticism from Congress

¹ Entitled "NATO MRBM's"; attached to another memorandum of this conversation, prepared by Goodpaster on October 13. (Eisenhower Library, Whitman File, DDE Diaries)

² See Document 267.

about turning over control of these submarines to NATO. The President agreed there might be some difficulties and cited the possibility that there would be some Congressional demand for a stipulation that SACEUR must continue to be an American.

After reflecting for a bit, the President said that he thought by and large the proposal was a good idea. It might help to bridge the differences with de Gaulle if properly handled. Perhaps it would also have a good effect on the Dutch whom the President had always favored as being, along with the British, our staunchest allies. Parenthetically he commented he was also beginning to think that we ought to give the Dutch landing rights on the West Coast for KLM as he would like to help the Dutch. Commenting on this remark, Mr. Merchant pointed out that the submarine in question for the Dutch was not a Polaris sub but one of the Nautilus type, the same in fact in which the French were also interested as well as the Italians. He added that in any event there would be danger in national ownership of Polaris submarines under this program. Mr. Irwin explained further that the contemplated European contribution to the program would not necessarily be in the form of missiles in Polaris submarines but that their contribution might well be placed on coastal vessels instead—a much cheaper method—or other seaborne craft. The five US Polaris submarines would provide a strong base of greater relative invulnerability. This led the President to ask how vulnerable surface vessels would be, to which Secretary Gates replied that they would be vulnerable to air and submarine attack but because of their mobility not to missile attack. He explained further that the European missiles could be placed on coastal ships for a cost of approximately \$225 million as against a cost of about \$750 million in Polaris submarines.

The President then repeated that he favored the theory of the proposal. He favored the establishment of a multilateral force. He felt it would help pull NATO together and raise the morale of the NATO members. He foresaw that there would be considerable difficulties involving the question of the joint Atomic Energy Committee and the question of financing. In this latter connection he said he assumed that the European missiles would be bought from the United States and, after Secretary Gates had confirmed this, commented that this would please the Treasury in connection with the balance of payments problem.

At this point Secretary Gates pointed out that the most immediate problems were the need to be able to talk about the proposal with Spaak,

who had already arrived here,³ and to make decisions in the near future as to the FY 1962 Defense budget.

Mr. Merchant then brought up the specific issue disagreed between Defense and State as respects the proposed requirement of mixed manning, summarizing the opposing positions.⁴ The President commented that he thought SACEUR would have to establish a multinational school in this connection to train the crews and commented this would be quite a problem. Mr. Merchant replied that the State Department did not think it would be too difficult. He explained that our concept would not be of multinational crews each representing all countries of NATO but rather of selected mixing of crews. The President said this would raise the problem of leadership and discipline. At present this had to be done by the separate laws and regulations by sovereign governments. At sea the captain must really be in charge and have the loyalty and obedience of the crew. He thought we might need a treaty between the member governments if we wanted to establish a NATO discipline.

Secretary Gates then set forth the Defense views, expressing strong opposition to the requirement for multinational manning. This was a very complicated and intricate problem involving questions of national psychology, religious differences and the like. Of course it would be possible to have a few riders of various nationalities on the submarines. On the whole, the Pentagon thought that NATO command and control was sufficient to establish the multilateral nature of the operation, though he said it was true that even the US Polaris subs were overloaded by about 20% for training purposes and that this might be possible with other nationalities.

The President wondered whether if the law were amended to permit the assignment of these submarines to SACEUR it might not in practice be necessary that each submarine have a national crew, so that while they operated under common command one unit, for example, would be Dutch, another German, etc.

Mr. Merchant again repeated that the State Department view did not foresee that each ship be a complete cross section of NATO but

³ In a briefing memorandum to the President dated October 2, prepared in connection with Eisenhower's breakfast meeting with Spaak on October 4 (see Document 269), Herter noted that "we invited Spaak to come to Washington for a general discussion of the state of the Alliance." (Eisenhower Library, Whitman File, Dulles-Herter Series)

⁴ As stated in paragraph 4a of the State-Defense paper on NATO MRBMs (see footnote 1 above), the Department of State preferred the following language: "that the force be developed on the basis of multilateral ownership and control, and with a feasible system of mixed manning designed to guard against the possibility of the force being broken down or diverted into national forces." The Department of Defense preferred the following version: "that the force be developed on the basis of multilateral financing and control, and with mixed manning to the extent considered operationally feasible by SACEUR." (Eisenhower Library, Whitman File, DDE Diaries)

rather the selected mixing of relatively compatible nationalities in each crew. In any event he said we should not foreclose the possibility of such mixed manning.

The President turned to the question of ownership. He said that he understood that the title of the five initial submarines would stay vested in the United States. Mr. Gates confirmed this understanding.

Mr. Merchant then returned to the subject of manning and said that the State Department was willing to accept the formulation of Defense to the effect that this manning should be mixed to the extent considered feasible by SACEUR.

The President then repeated that he was in favor of the plan. He commented that we must get it understood in the Congress that we must have faith and confidence between allies if we wished our alliance to work. He said that he would like to see the necessary studies go ahead to implement the project. He referred to his meeting with Spaak the next morning (i.e., breakfast on October 4) but thought he would not discuss this MRBM proposal at this stage. Both Mr. Gates and Mr. Merchant cited the conversations Spaak had already had with Norstad on this general subject and the importance of being able to say something to him during his current visit.⁵ The President then agreed that the MRBM proposal could be discussed on a confidential basis with Spaak.

Secretaries Gates and Douglas then turned to the question of the Defense budgetary problems connected with the project and considerable discussion then ensued between them and the President as to whether all five submarines should be added to the FY 1962 budget or whether authorization should simply be sought, whether the procurement was funded in full and related matters. General Goodpaster pointed out in this connection that while authority for the full funding of the Polaris programs had been sought in the past, expenditure actually was stretched out. Summarizing this phase of the discussion the President said that we should go to Congress and show what the full plan involves. It was not sufficient to talk only in terms of the initial US contribution but we must disclose the eventual program including the NATO multilateral concept. We must be completely honest on the subject. He thought we should seek authorizing legislation probably as a separate package.

Mr. Merchant then returned to the matter of State-Defense differences and read the revised formula relating to multilateral ownership,

⁵ One of Norstad's conversations with Spaak on MRBMs is summarized in telegram 1024 from Paris, September 10. (Department of State, Central Files, 375/9-1060) Parts of this conversation were repeated by Norstad in Document 267. No other record of Norstad's conversations with Spaak on MRBMs has been found.

financing, control and manning.⁶ Indicating his assent, the President commented that we must explain what is involved in the question of ownership including the matter of who gets the ships at the end of the treaty period. Mr. Merchant agreed that this question should be spelled out clearly. Some inconclusive discussion then ensued as respects the difference between the concepts embodied in the word ownership and those embodied in the word financing. In this connection Mr. Merchant emphasized that multilateral ownership was essential to the concept of a really integrated NATO force as distinct from national ownership.

In conclusion the President directed that the planning should go ahead in connection with the project on an urgent basis. It was important that the case be got ready for the Congress and presented. In the second stage at least he felt we were bound to have to have an amendment of the law. As to financing, he suggested that Defense could perhaps budget for two additional Polaris submarines in FY 1962.

Following the meeting Messrs. Gates, Irwin, Goodpaster, Merchant and Kohler met in General Goodpaster's office to iron out remaining differences in the wording of the paper. (See Mr. Merchant's letter to Mr. Irwin for final text.)⁷

⁶ The revised version of paragraph 4a agreed to by the Departments of State and Defense, which is attached to a letter from Merchant to Irwin, October 3, reads: "that the force be developed on the basis of multilateral ownership, financing and control, and with mixed manning to the extent considered operationally feasible by SACEUR." (Department of State, Central Files, 740.5611/10-360)

⁷ The revised version of the paper on NATO MRBMs is attached to the letter from Merchant to Irwin, October 3.

269. Memorandum of Conversation

October 4, 1960, 8–9:15 a.m.

SUBJECT

NATO Atomic Force

PARTICIPANTS

The President

Paul Henri Spaak, Secretary General of NATO

Source: Eisenhower Library, Whitman File, DDE Diaries. Secret; Limit Distribution. Drafted by Kohler and approved in M on October 7, U on October 8, and the White House on October 12.

Mr. Dillon, Acting Secretary
Mr. Merchant, Under Secretary for Political Affairs
Mr. Kohler, Assistant Secretary
Mr. Burgess, Ambassador, USRO
Mr. Glenn, Interpreter

After some general discussion during the breakfast, which touched upon NATO affairs and the current Communist harassment of West Berlin, Mr. Dillon raised the subject of the proposed NATO MRBM Force by reporting on the discussion of the subject which he had had with Mr. Spaak yesterday afternoon.¹

The President said he had been mulling this question over at length. It was clear that the establishment of such a NATO force on the basis of national contributions in ships, men, and matériel would not be satisfactory. In fact he thought the best way would be through the establishment of a kind of a "Foreign Legion" under exclusive NATO control and financed by contributions of the member states. This was the only manner to do away with nationalism and to prevent the possibility of the withdrawal by any nation of its own units. Only a force loyal exclusively to NATO would be safe from such a danger. Of course certain difficulties existed before a full integration could be obtained, due among other things to the lengthy training necessary.

Ambassador Burgess added that the question of languages would also present a difficulty but that this did not appear insurmountable.

Mr. Spaak agreed that if a proposal to create a NATO nuclear strike force were made, it could well take the form of the creation of a foreign legion type force. Difficulties might be expected, however, on the side of General de Gaulle. It was extremely important to arrive at the result desired and a means should be found to persuade General de Gaulle to participate in the project. If this could not be done, the big question would arise as to whether or not to proceed without France.

The President said that proceeding without France might well lead, step by step, to a withdrawal of France from the alliance.

Mr. Spaak reiterated that a procedure should be found to obtain French participation. Such participation seemed possible, because France would find herself completely alone if she did not participate in the proposal. One might wonder if the best way might not be a letter from the President to General de Gaulle. At the same time Chancellor

¹ A memorandum of Dillon's October 3 conversation with Spaak on MRBMs and defense aspects of NATO long-range planning summarized their discussion on a new U.S. proposal on a NATO MRBM force. (Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199) A copy of the U.S. proposal, which contains the same text as the one cited in footnotes 6 and 7, Document 268, is attached to the Spaak-Dillon memorandum of conversation.

Adenauer might be approached and asked to help convince General de Gaulle. The present moment might be opportune, because General de Gaulle had aroused great alarm by his hints that the United States could withdraw from Europe. A proposal to create an integrated nuclear strike force, made at this moment, would reassure the European partners of NATO and receive practically unanimous support. It is certain that Chancellor Adenauer would be happy to cooperate since such an integrated force would solve the problem of Germany and nuclear weapons.

The President agreed that such an approach should be made. However, it would also be necessary to consult the five Congressional committees which would be involved.²

The President explained at this point that this was necessary because Congress had reserved for itself, as far back as 1947, certain prerogatives which should belong in the executive branch. While the President thinks that this is not constitutional, the position has not really been challenged because of concern about appropriations. Congressional concurrence in the idea would therefore be necessary.

Mr. Dillon suggested that Congressional leaders should be contacted before any approach is made abroad. Otherwise there is a danger of leaks and rumors reaching Congress creating misunderstandings and opposition due to an inadequate presentation of the question. The President agreed with this point of view.

Mr. Merchant reverted to the President's remark that France might withdraw from NATO. While he agreed that France might not accept the MRBM proposal, at least initially, he doubted that de Gaulle would actually withdraw from the Alliance. He cited, in this connection, the modest progress made recently as respects French cooperation in the fields of air defense and atomic stockpile arrangements in Germany³ and the awkwardness of the French position if they isolated themselves completely from their Western European neighbors.

Mr. Spaak then mentioned that another difficulty existed. If the United States turned nuclear weapons over to NATO, who would have the authority to decide on their use?

² Reference presumably is to the House and Senate Armed Services Committees, Senate Foreign Relations Committee, House Foreign Affairs Committee, and the Joint Committee on Atomic Energy.

³ In a memorandum to Merchant, September 12, Kohler wrote: "Norstad has just met with Debré and worked out a means for proceeding to settlement of this long-standing issue [of air defense] and permitting NAC approval of the principle of integrated air defense." (Department of State, Central Files, 740.5/9-1260) The NAC approved establishment of an integrated air defense system on September 28. No full record of this NAC meeting has been found, but NAC approval of a statement by the NATO press spokesman on the matter was transmitted in Polto 437 from Paris, September 28. (*Ibid.*, 375/9-2860)

[1 paragraph (9 lines of source text) not declassified]

Mr. Spaak said that there were two types of circumstances under which NATO might want to use its atomic strike forces.

[1 paragraph (6 lines of source text) not declassified]

The President said that at the present moment the two opponents are providing their forces with such a variety of atomic weapons that any conflict in Europe which would not involve their use is hardly conceivable, the more so in that European countries are rather small in size and therefore any penetration into their territories would be sufficiently serious to mean an all-out war. [1-1/2 lines of source text not declassified] Thus there seems to be no possibility whatsoever of any non-atomic conflict in Europe, though the possibility of a more limited type of conflict could be considered in Middle East countries, such as Greece, Turkey, or Iran.

Ambassador Burgess noted that Iran is not within NATO even though connections between NATO and CENTO do exist. He thought also that the Soviet Union understands that an attack on Turkey would be as serious an undertaking as an attack in Europe.

The President noted that in any case a non-nuclear war in Europe is so improbable as to make the question of who is to decide the use of nuclear weapons somewhat academic. At the present moment the Supreme Commander in Europe is an American and a decision, therefore, could be made under the present law. Mr. Spaak indicated general agreement regarding the improbability of large scale non-nuclear war in Europe.

Ambassador Burgess commented that even now SACEUR is organized somewhat along the lines of a foreign legion because of the presence on the staff of officers of many nationalities. It is entirely possible that the need for decision might arise at a time when the Supreme Commander would be unable to act, in which event the responsibility would fall on his deputy, a non-American.

Discussing the possibility that Congress might seek to stipulate that the post of Supreme Allied Commander be reserved to an American as a condition for providing nuclear weapons, the President said such a condition could not be justified and should not be contemplated.

Mr. Spaak insisted on the enormous political and psychological importance of the proposal under discussion, which would signify closer and more binding ties between the United States and Europe than ever before.

The President spoke of his desire that a start be made promptly, commenting on the many problems which would have to be solved and the difficulties which would have to be surmounted. [2-1/2 lines of source text not declassified]

Mr. Spaak said that the chances of convincing the French appear to be enhanced by the fact that General de Gaulle's plan to create a French nuclear strike force is meeting considerable opposition in the French parliament. A proposal such as the one under discussion would undoubtedly receive strong support from the French public opinion and increase the opposition in France against an independent nuclear force and thus pressure on de Gaulle.

[1 paragraph (4 lines of source text) not declassified]

Mr. Spaak raised the question of the attitude of the standing group and suggested that the American representative in the group be instructed to support the Polaris system without too many mentions of competing weapons.

The President mentioned that Polaris was unquestionably the choice for a submarine based weapon, but that cheaper and equally powerful weapons such as the Pershing were preferable for land use, the difference residing in the complexity of the guidance system needed for a weapon fired from a mobile launcher away from all landmarks, as against a launcher with known coordinates.

[8 paragraphs (19 lines of source text) not declassified]

270. Memorandum of Conversation

SecDel MC/105

New York, October 4, 1960, 6 p.m.

SECRETARY'S DELEGATION TO THE FIFTEENTH SESSION OF
THE UNITED NATIONS GENERAL ASSEMBLY

New York, October 3-7, 1960

PARTICIPANTS

U.S.

The Secretary
 Ambassador W. Randolph Burgess,
 U.S. Permanent Representative to
 NATO
 B.E.L. Timmons, Advisor, USDel,
 UNGA

NATO

Paul-Henri Spaak, Secretary
 General of NATO
 Andre Saint-Mleux, Special
 Assistant to the Secretary
 General

SUBJECT

NATO Problems: UN Matters

Mr. Spaak opened the conversation by saying he had had very good conversations in Washington in the last two days. He had found that the U.S. Government was preparing important projects for the strengthening of NATO. They must be tried, in spite of the fact that some difficulties will arise. Spaak suggested that before the military proposals were laid before the North Atlantic Council by the U.S., the President should write to General de Gaulle, Prime Minister Macmillan and Chancellor Adenauer, explaining the proposals. In addition, the U.S. should privately approach Adenauer and seek his agreement to support the proposals with de Gaulle.

[1-1/2 lines of source text not declassified] Spaak said the French position was becoming more and more difficult. Most other NATO countries would be favorable to the U.S. ideas, but there would be steps, the first of which would be the sea-based Polaris. The Secretary remarked that by beginning in this way, some difficult problems could be avoided. Spaak said that France's problem would be eased, as in that stage there would be no missiles on French soil.

Ambassador Burgess said that last Saturday the French had informed Spaak of the status of negotiations on the atomic stockpile for French forces in Germany.¹ The Secretary said that when the training

Source: Department of State, Conference Files: Lot 64 D 559, CF 1767. Secret; Limit Distribution. Drafted by Timmons on October 6 and approved in S on October 11. The meeting was held at the Waldorf Towers.

¹ In his October 3 conversation with Dillon (see footnote 1, Document 269), Spaak indicated that he had only just heard from Couve de Murville about the U.S.-French NATO stockpile agreement.

agreement was publicly tabled before the Congress, there would undoubtedly be further Soviet attacks on the "arming of Germany". Spaak said it was important to emphasize that it is the Alliance—not Germany—that is being armed. Germany is an integral part of the Alliance. The Secretary agreed and said that while some in the U.S. Government had favored bilateral agreements, the predominant feeling on the U.S. side had been that such agreements would be a divisive rather than a unifying force. Spaak said he agreed fully.

Spaak commented that the manning of the Polaris squadrons would require specially-trained people, and that he could envision that in time, "as a logical consequence", this could lead to the creation of a true NATO integrated force.

Ambassador Burgess said Spaak has made an important contribution by his emphasis on the step-by-step approach.

The Secretary inquired regarding the discussions in Washington on other aspects of the proposed NATO Ten-Year plan. Ambassador Burgess said that the Department had given to the Secretary-General an outline piece of paper.² Spaak has certain suggestions and the next order of business is to fill in the outline. The Secretary said the question of timing was of great importance. Spaak agreed, saying that preliminary discussion in NAC had not been possible until some U.S. ideas had been made known. These ideas were now taking form. Spaak said he envisaged agreement "en principe" on the military proposals at the December NATO ministerial meeting, and preparatory discussion on other aspects, with decisions thereon at the Spring meeting.

On the political aspects of NATO, Spaak said he thought that the report and recommendations of the Three Wise Men should be reaffirmed, and the process of political consultation continued and developed.³ Spaak said there had been very good examples of consultation, and also some "not so good". As an example of the latter he cited the German statement last week on trade with East Germany.⁴ Spaak said the Scandinavians, Belgians and Dutch were not enthusiastic. Insufficient time had been allowed for real consultation.

[Here follows discussion of unrelated subjects.]

² The memorandum of Dillon's October 3 conversation with Spaak indicates that Dillon gave Spaak "a very preliminary paper, containing some of our current thoughts on the non-military aspects of long-range planning." A copy of this paper, as transmitted in circular airgram 3258 to the NATO capitals, October 7 (Department of State, Central Files, 375/10-760), is attached to this memorandum.

³ See footnote 4, Document 139.

⁴ In this statement, September 30, the Federal Republic of Germany denounced the interzonal trade agreement with East Germany.

271. Telegram From the Department of State to the Embassy in Germany

October 5, 1960, 3:57 p.m.

628. Deliver following message to Chancellor at earliest opportunity before Debré visit.¹ In delivering message, you should make point that this is of course personal communication between President and Chancellor and that the President knows that Chancellor will treat it accordingly in his talks with the French. FYI We wish avoid having Chancellor inform Debré that he has received special letter from President on subjects of visit. End FYI.

Begin text.

Dear Mr. Chancellor: General Norstad and Ambassador Dowling have reported to me on their recent conversations with you.² I understand from them that you expect to have a full discussion this week with Debré and Couve de Murville on General de Gaulle's views on nuclear matters as well as on NATO and on European integration. I thought it might be useful for you to have some of my thoughts on these matters before your meeting with the French.

On nuclear matters, I have been much impressed with the strong feeling of various European leaders, including yourself and M. Spaak, that the European countries should have an increased role in the nuclear aspect of NATO's defenses. We are considering, under my personal direction, the possibility of a multilateral, NATO-wide means for dealing with the problem.

On NATO matters generally, I want to say first that I have been most impressed by the strong statements you have recently made in support of NATO. As for your meeting with the French, you are of course aware that there is a very wide divergence between myself and General de Gaulle on several basic points. I have pointed out these differences directly to General de Gaulle, and our representative in NATO has made them clear to the Council. In brief, I feel strongly the impor-

Source: Department of State, Central Files, 611.62A/10-560. Secret; Niact; Verbatim Text; Presidential Handling. Drafted by Fessenden; concurred in by White, Hillenbrand, McBride, and U; and transmitted to the President on October 4 for approval. (Memorandum for the President, October 4; *ibid.*) Repeated priority to Paris for Thurston.

¹ French Foreign Minister Debré visited Germany October 7-8.

² Regarding Norstad's conversation with Adenauer, see footnote 1, Document 267. Dowling talked with the Chancellor on September 30. During the discussion, Adenauer had said: "De Gaulle has deceived me. For two years he talked like a good European and now see what he proposes." (Telegram 491 from Bonn, October 1; Department of State, Central Files, 762A.00/10-160)

tance of integration in the light of modern military technology and strategy. The U.S. has assigned its own forces to NATO on the assumption that they would participate in an integrated defense system for the area. There would be little justification for their continued presence if there were no integrated system.

Although it is clear that my views on how NATO's defenses are to be organized differ from those of de Gaulle, I should add that we have, on the other hand, recently made limited progress with the French on certain specific NATO defense problems. They have agreed to the concept of integrated air defense in Europe, although insisting on special arrangements for most of French territory. The French have also recently signed a NATO Atomic Stockpile agreement with us for their NATO-committed forces in Germany. It is noteworthy that the French have accepted in this agreement the same provisions for U.S. custody and SACEUR control as appear in our agreement with you and with other countries.

I am heartened by the feeling that your views and mine are very close on these NATO defense matters, and I was most interested to learn from Ambassador Dowling that you intend to speak very forthrightly to Debré and Couve on these questions.

With respect to the political functions of NATO, I have serious reservations about a proposal that suggests the U.S., the U.K. and France as a mechanism for preserving order in other areas of the world, because of the danger that any such structure might take on overtones of a "directoriate". If that should come about, important interests of other NATO countries would be ignored and opposition in other areas of the world would surely occur.

Similarly dangerous to NATO, in my view, would be any Six Nation bloc within NATO, in which separate national states, not moving toward the goal of European unity, acted on political and military matters properly dealt with in NATO.

As a constructive step for improving the political cohesion of the West, I feel that NATO consultation, covering all areas of the world, should be further developed and strengthened. The U.S. has itself sought to make maximum use of the NATO Council for this purpose, and we certainly intend to continue this effort in view of the obvious need to achieve the maximum harmonization of Free World policies in the light of the world-wide Communist threat. It appears to us that the study of means for improving the Alliance is a subject best considered in the discussions of long-range planning in NATO. We ourselves expect to contribute some ideas, and it might be useful to suggest to the French that they also make use of this forum.

Finally, I would like to comment on General de Gaulle's views on the future development of the Six Country movement.³ I know that in this field also your views and mine have long been very close indeed. We both regard the Six Country integration movement as of very basic importance to the future of our world. A Europe moving toward real unity will strengthen and reinforce the NATO Alliance as a whole. I think we would both be prepared to support any steps designed to further progress toward the concept of true integration embodied in the Rome treaties. Quite frankly, however, I am not aware of the exact nature of de Gaulle's proposals in this field. If his proposals clearly will contribute to achieving the goals of integration, then I believe they are deserving of the support of other members of the Six. If, on the other hand, they would be likely to weaken the integration concept, a serious question would arise. While the U.S. has a deep interest, it is not of course directly involved in the discussions of de Gaulle's proposals; this is primarily a matter which the other Five must work out with France. You yourself obviously are in a most influential position in respect to these developments. Perhaps if you and others of the Six were to put up to de Gaulle specific proposals which will unmistakably contribute to further progress toward genuine integration, de Gaulle's intentions in this field might well become clearer.

I mean for this letter to confine itself to those matters that may have a direct bearing on your talk with Debré and Couve de Murville. There are, of course, many other subjects, especially affecting Berlin, which are much on my mind these days.

With warm personal regard, Sincerely, Dwight D. Eisenhower. *End text.*

Observe Presidential Handling.

Dillon

³ See Document 120.

272. Telegram 569 From the Embassy in Germany to the Department of State

Bonn, October 17, 1960, 10 p.m.

[Source: Eisenhower Library, Whitman File, International File. Secret; Priority; Presidential Handling. 3 pages of source text not declassified.]

273. Memorandum of Discussion at the 467th Meeting of the National Security Council

Augusta, Georgia, November 17, 1960.¹

[Here follow a paragraph listing the participants at the meeting and agenda item 1.]

2. *NATO in the 1960's* (NIE 20–60; SNIE 20–2–60; Memo for NSC from Executive Secretary, subject: “Issues of U.S. Policy Regarding the Defense Posture of NATO”, dated November 10, 1959; NSC Actions Nos. 2149, 2204–c, 2274, 2292 and 2323; Memo for NSC from Executive Secretary, subject: “Increased Nuclear Sharing With Allies,” dated August 23, 1960; NSC 6017; Memo for NSC from Executive Secretary, subject: “NATO in the 1960's”, dated November 16, 1960; Memo for NSC from Executive Secretary, subject: “Special NSC Meeting”, dated November 16, 1960)²

Mr. Gray briefly explained the background of the report on the subject which was being considered by the Council and asked Secretary Herter if he would like to summarize it.³ Secretary Herter suggested instead that the Council deal with the urgent issues since the paper as a whole would have to be reviewed further before being put to the President for final approval.

Source: Eisenhower Library, Whitman File, NSC Records. Top Secret; Eyes Only. Drafted by Lay.

¹ The source text incorrectly indicates Atlanta as the place of the meeting. In a November 21 memorandum to Wilton B. Persons, Assistant to the President, however, Gordon Gray noted that this NSC meeting took place in Augusta. (*Ibid.*, Staff Secretary Records, Gordon Gray III)

² NIE 20–60, “Problems Affecting the North Atlantic Alliance,” November 1, and SNIE 20–2–60, “NATO Country Reactions to Certain Forms of US Nuclear Assistance,” October 11, are in Department of State, INR–NIE Files. The November 10 memorandum has not been found. Regarding NSC Action No. 2149, see footnote 6, Document 228. Regarding NSC Action Nos. 2204 and 2292, see footnotes 1 and 8, Document 265. Regarding NSC Action No. 2274, see footnote 7, Document 261. NSC Action No. 2323, October 20 (approved by the President on October 26), noted that a report on future nuclear capabilities in the NATO area would be incorporated in a comprehensive report on U.S. policy toward NATO which was being prepared by the Departments of State and Defense and the AEC for consideration by the NSC. (Department of State, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council) Regarding the August 23 memorandum, see footnote 1, Document 265. NSC 6017, “NATO in the 1960s,” November 8, was intended to serve as a basis for long-range U.S. planning and guidance for U.S. participation in the preparation of the proposed 10-year plan for NATO. (Department of State, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, NSC 6017) The November 16 memorandum on “NATO in the 1960s” transmitted to the NSC a draft record of action as a basis for discussion at the November 17 meeting. (*Ibid.*, Records of Action by the National Security Council) The other November 16 memorandum is *ibid.*, NSC 6017.

³ Reference is to NSC 6017.

Mr. Gray then asked whether there was agreement on the proposal that the U.S. commit itself to maintain available for NATO those nuclear weapons required for approved NATO military plans. After a brief explanation of this proposal by Secretary Herter, no disagreement was expressed to this proposal.

Mr. Gray then turned to the proposal for a NATO MRBM program.⁴ He said that there had been a "Convair caucus" of State, Defense, and AEC on the way down and he thought only two splits remained to be resolved.

Secretary Herter said that he thought everybody had the same objective in this matter. He, however, hesitated to put the plan forward as a firm proposal at the NATO meeting on December 15 because he felt that to make it effective, it would require (1) Congressional approval and (2) approval of the incoming administration. He thought it doubtful that you could get clearances on this matter in time. If such clearances could be gotten, he would be delighted but if we are to make specific proposals, these clearances should be obtained during the next two weeks so that our allies could have in the neighborhood of two weeks before the NATO meeting to consider it. The issue was really a question of presentation; namely, how do we answer the question as to whether the U.S. Government will feel the same way six weeks after the NATO meeting. Obviously, we will have to say that U.S. approval would be subject to Congressional action.

Secretary Gates said that, speaking philosophically, he felt that this administration had an obligation and an opportunity to wind up with a firm proposal on this subject with whatever caveats are necessary. Obviously, we cannot deliver because of the need for a change in the law. Besides, there are two separate phases anyway. He thought this was a very imaginative idea and he was afraid that, if we put this only in for discussion at NATO, we will not be clearing up our proper business. The next President may reverse anything we do, but we should present this proposal as the best opinion of the people who have been working in this field all these years.

The President commented that we almost always have to say to our allies that we will have to get legal authority for our proposals. He saw no reason why we should not say that, under certain assumptions, these are the things we think ought to be done.

Secretary Herter noted that the paper under Council consideration says that Congressional action would be required. This could go hand in

⁴ This paper was a revision of the October 3 paper agreed to by the Departments of State and Defense; see footnotes 6 and 7, Document 268.

hand with Executive action and he believed it provided enough of a caveat.

The President said that this administration should not hesitate to say what we think is good for NATO. After all, the next administration may not even agree to the general concept of NATO. Secretary Herter commented that it would not hurt his feelings if the President said we should make this a firm proposal.

Mr. Stans said that there was some ambiguity as to what is intended since the paper glosses over the question of financing. He noted that we are proposing to deploy five Polaris submarines by 1963 and not to withdraw them without North Atlantic Council agreement. Secretary Gates pointed out that our commitment not to withdraw was effective only if NATO agreed to the second phase.

Mr. Stans said that the five Polaris submarines would probably cost about \$500 million and then we were proposing 100 additional missiles. Secretary Gates noted that the latter missiles were to be bought by the NATO countries. Mr. Stans said that the paper still did not indicate what was meant by "multilateral financing" in Paragraph 3-a.⁵ The President noted that this would still have to be worked out.

Mr. Stans said that he, nevertheless, thought that the cost to us and others ought to be indicated. Secretary Gates said that this was impossible except on the five U.S. Polaris submarines because we do not know the configuration of the remainder and do not know whether they will be land or sea based.

In answer to Mr. Stans' question as to whether the five Polaris submarines were within the approved Polaris program, Secretary Gates said that he had asked the President this question and did not yet have a definite answer. Secretary Gates thought that we would be producing Polaris submarines at the rate of about five per year for the next few years. He thought we could handle the NATO submarines by lending them as they are ready and then arranging to pay back the U.S. program. We might contribute one at a time and replace it in the budget as we go along. Technically, he admitted that this meant the five submarines were additional to the present program. The President said he agreed with the proposal for the five Polaris submarines being deployed to NATO.

⁵ Paragraph 3-a of the November 16 paper on NATO MRBMs contained separate proposals in brackets by the Departments of State and Defense. State cited the language of the revised version of paragraph 4-a of the October 3 paper on NATO MRBMs, which is quoted in footnote 6, Document 268. Defense preferred the following language: "that the force be developed on the basis of multilateral control. The concept of multilateral ownership and financing of the force should be the subject of examination and negotiation. Mixed-manning should be adopted to the extent considered operationally feasible by SACEUR."

In answer to Mr. Stans' question as to whether we were agreeing not to withdraw them, Secretary Gates said that there would be no conditions on that deployment (it would be the same as the Sixth Fleet) until NATO goes along with the second phase. Secretary Gates thought that if we could get a NATO MRBM force, we would probably want to be tied up in it.

Secretary Herter said that the basic problem was a fear of NATO that if the Soviets attacks Europe only, we would not join with them. This proposal would give NATO its own deterrent strength.

In answer to Mr. Stans' question as to whether this constituted a precedent, the President commented that there was no precedent in the first phase. He added, however, that he thought it would be a good deal if we could get the second phase force in being down the road. Mr. McCone said that he thought we would have to make a commitment to NATO regarding tactical missiles.

The President said that he had recently been listening to the views of Robert Bowie and others and he thought that we must have the right to sell nuclear weapons to our allies if we feel they needed them. The President asked Secretary Gates as to what the proportion of expense would be in the MRBM program over the years.

Secretary Gates said that we were not committing ourselves in principle until NATO agreed to a 100 missile force and made it subject to NATO control. Only then would we put our five submarines under NATO control. Meanwhile, we have no commitment affecting the freedom of our sovereignty until NATO agrees to the second phase. Mr. Gates admitted that he thinks there is a real question as to whether Congress will ever agree to NATO control as proposed in the second phase because it involves a constitutional issue.

The President said that before we start dealing with the tough French negotiators, we should know what proportion of the cost we will have to bear. Secretary Gates said that at present we were only planning to bear the cost of our own five submarines which will run about \$750 million, including the missiles.

[4-1/2 lines of source text not declassified] Mr. Irwin said that, because there is still a political problem of deploying nuclear weapons on the continent, one solution would be to have them sea based. By 1963 there would only be the Polaris missiles available and the five U.S. submarines would meet General Norstad's [less than 1 line of source text not declassified] requirement by that time. At the same time, we were asking Europe to build 100 missiles, which together with our [less than 1 line of source text not declassified] would meet General Norstad's 1964 requirement. The cost of the additional 100 missiles would depend on the type deployed. If they are submarines, they would cost about \$100 million

each. It might be possible, however, to put the missiles on coastal steamers which might then make the cost for the 100 missiles about \$300-\$400 million.

Mr. McCone asked why there was still a political problem regarding land based nuclear weapons and pointed to the agreed deployment of Redstone missiles on the continent. The President noted that all of these were deployed in Germany and that they had a much more limited range than Polaris. [3-1/2 lines of source text not declassified]

Secretary Gates said that while General Norstad is not responsible for making political judgments, General Norstad feels that the missiles should be both sea and land based. Mr. Irwin said that General Norstad was thinking that after his [less than 1 line of source text not declassified] missile requirement had been met, there might then be a further requirement for third generation missiles, possibly like the Pershing, a new Polaris, or an entirely new type of missile. Mr. Irwin said that the research and development people estimate that such a third generation missile could be developed by 1964.

Mr. Stans noted that Paragraph 6 of the proposal says that NATO should parallel the MRBM advances with strengthening of other forces.⁶ He felt that there was no request for a concession to reduce NATO requirements in any other respect if the MRBM proposal was agreed.

Mr. Irwin said that Defense did think it might be possible to reduce aircraft requirements. He pointed out, however, that NATO has no defense against missiles. If NATO knows that there is no such defense, the European members' support of NATO will deteriorate if we take the position that they can have no missiles with a 1000-1500 mile range. We would then be saying that they have no defense and no offense and we do not think it necessary for them to have either. Mr. Irwin thought this position would fracture the alliance.

The President said that as he sees it, until there is some basic change in the world situation, there is no escape from the arms race. What we ought to be talking about are the millions that we spend at home which cut into our budget as we strain for an adequate defense. We seem to be licked [locked?] on the need not only for butter and eggs but also champagne while we continue to spend heavily for world defense.

Mr. Stans noted that as we do this, we and others are also being urged to build up our conventional forces. Secretary Gates said that he

⁶ Paragraph 6 of the November 16 paper on NATO MRBMs, reads: "The U.S. believes that NATO should undertake to parallel these advances with additional vigorous measures to strengthen its other forces which are equally essential for deterrence in accordance with NATO military plans. It is of great importance for NATO to maintain a flexibility of response. Progress in the MRBM system should not be permitted at the sacrifice of progress in building NATO's other forces."

disagreed with any concept that conventional forces were needed for a limited war in Europe. Mr. Stans thought that if the MRBM proposal led to a reconsideration of conventional forces, we might achieve a better balance. He thought the U.S. had still made no judgment as to the effect of the planned Russian demobilization on our requirements.⁷ He thought that the Russian demobilization would certainly change their mobilization potential. Secretary Gates thought that there was no real change in the threat to NATO. Mr. Dulles said that the Russian demobilization seemed to be slowing down. Mr. Stans said that if they, nevertheless, go through with it, they will be changing to a nuclear threat to NATO. He still felt we should study the implications of the proposed Russian demobilization.

The President remarked that at yesterday's press conference, he had been asked if the reduction in dependents overseas indicated that the U.S. was planning any redeployment of forces.⁸ He had reminded them that our deployment to Europe was originally considered an interim emergency matter. He thought it was high time that we should say to the Europeans that with their 225 million people, they should do more so that we could bring some of our troops out. The only flaw is the fact that De Gaulle is keeping 600 thousand French troops in Algeria. The President noted that Foster Dulles was always against any reduction in our forces in Europe because he thought it would break up the alliance. That is why the President had been obliged to remind the press conference yesterday that our deployment was originally an emergency measure.

Mr. McCone thought one way to solve that problem might be to give the Europeans their own nuclear deterrent. After all, they were only spending one-third to one-half of what we are spending on our military forces.

The President stated that he had no objection whatever to the proposed MRBM program. He thought it should be put forward but he thought we should put it in the context that we are going to cut down on some other things.

Secretary Herter said that the Europeans already suspect that we are going to cut down our forces in Europe. The President noted that State and Defense have always said that if we cut our European forces at all, it will result in the neutralization of Europe. Secretary Gates noted

⁷ On January 14, Khrushchev announced that Soviet Armed Forces would be reduced from 3,623,000 to 2,423,000 during the next 2 years and that missiles and submarines would be emphasized.

⁸ For text of Eisenhower's remarks at his news conference in Augusta on November 16, see *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1960-61*, pp. 864-865.

that we have recently been putting the pressure on the Europeans to live up to MC-70 and we have been pretty successful in getting them to build up their forces. He agreed with the President, however, that we should not be locked in concrete on our European forces forever. Secretary Herter admitted that he could not visualize a war in Europe which would not lead to the use of nuclear weapons.

Secretary Gates noted that the cost of maintaining U.S. forces at their present level was so high that it left only about \$5 billion in the Defense budget for modernization. He thought that there were still too many people in the military services and too many deployed overseas. The President thought that we should figure out a plan which was reasonable over the long term. At the time this was going on, we should also try to cut other expenses in Europe. Secretary Herter expressed the hope that we would not cut our forces while the Berlin threat remained.

The President commented that if Europe was going neutral, we had better find it out now. He said that he did not mean for us to deny our responsibilities because we had established our defense line in Europe but we should not have to do it all. He noted that the Europeans had built up their industry to the point where they can compete very successfully with us.

Mr. Patterson⁹ asked whether the MRBM proposal would not put the pressure on the Europeans to put up more forces and Secretary Gates agreed. The President said that this sounded like the theory of giving a spoiled child ten more dollars to do what he should. Secretary Gates pointed out that we would not give up our control of our submarines until NATO agreed to build theirs. In answer to Mr. Stans' question, Secretary Gates repeated that we would keep U.S. control of those Polaris submarines until the second phase had been agreed upon. Mr. Stans said he thought it was wishful thinking to believe that NATO would also build up its conventional forces.

The President said that he wanted to leave a legacy of the finest ideas and plans this administration could develop. He thought that we must think what is the proper balance during the next six weeks. We should develop programs and plans that we think are feasible and that Congress would not feel it had to cut down.

Mr. Gray asked Mr. McCone if he wished to press the AEC proposal regarding Paragraph 2 of the MRBM paper, that the U.S. should decide under what conditions it would be willing to release the Polaris submarines for NATO use.¹⁰ Mr. McCone said that while he wanted that

⁹ John S. Patterson, Acting Director of the Office of Civil and Defense Mobilization.

¹⁰ Paragraph 2 of the November 16 paper on NATO MRBMs contained a bracketed clause and explanatory footnote, in which the AEC proposed that prior to making an offer, formal or informal, of five Polaris submarines as an interim NATO MRBM force, the United States should decide the conditions under which it would be willing to release for use.

AEC view noted, he was enthusiastic about the MRBM program. He thought that making the use of the submarines subject to North Atlantic Council agreed procedures left the question of conditions open. Mr. Gray pointed out that the bracketed phrase in Paragraph 2 was now to be deleted and Mr. McCone said that this made the proposal O.K. from his viewpoint.

Mr. Gray then asked whether the President felt that representatives of the next administration should be informed before the MRBM proposal is made to NATO. The President thought that we should make clear to NATO that this is what we are suggesting but that the next administration may change it.

Mr. Scribner pointed out that Paragraph 6 says that the U.S. as well as other NATO nations should strengthen its conventional forces. The President said that the first sentence of Paragraph 6 should say that "the U.S. believes that other NATO nations" should strengthen conventional forces.

Mr. Gray then called on Mr. McCone to explain his view about the inadequacy of existing NATO stockpile arrangements. Mr. McCone said that he had recently examined bases in NATO and, realizing our heavy dependence on nuclear weapons, he believed that the procedures do not permit a proper response due to the requirements of the Atomic Energy Act.¹¹ He thought this problem should be re-examined urgently, recognizing that any changes will require amendment of the law.

The President said that his idea was that we must get every single modification in the law that will allow a quick response but not delegate it to someone who would inadvertently start a war. He thought we should get the change in the law and then provide regulations which will prevent unfortunate accidents.

[1 paragraph (12 lines of source text) not declassified]

General Lemnitzer said that our missile bases are distributed and not concentrated. He said that the present arrangements were satisfactory to General Norstad. However, General Lemnitzer said he would like to go into this matter further with Mr. McCone.

Mr. McCone said he was not critical of what our military were doing in Europe. They were only living up to the requirements of the law. He described a weapon arrangement in the Netherlands.

¹¹ According to a memorandum of McCone's conversation with the President on November 8, prepared by Colonel Eisenhower, McCone visited the International Atomic Energy Agency in Vienna and on his way back stopped at NATO (presumably in Paris), a base in the Netherlands, and the Thor and B-47 installations in the United Kingdom. The memorandum also summarized their discussion on the need for further amendments to the Atomic Energy Act of 1954. (Eisenhower Library, Whitman File, DDE Diaries)

Secretary Herter noted that the Joint Atomic Energy Committee was going over to Europe and that this trip might prove helpful. He thought, however, that it would be desirable if Mr. McCone could join the Committee on the trip. Mr. McCone indicated that he might be able to do so for a few days.

Mr. Gray suggested that the Record show that Defense and JCS and the Chairman, AEC, should re-examine NATO stockpile arrangements in order to see what changes in the law might be required to give assurance of prompt and proper response. The President agreed and thought we should leave a legacy of thought about all such restrictive laws which we think are very bad. He cited the requirement of notifying the Joint Committee on certain decisions 60 days before they could be put into effect. The President thought possibly Mr. Kennedy could get some of these changed during the "honeymoon" period with Congress.

[13 paragraphs (2 pages of source text) not declassified]

Secretary Herter asked if the MRBM proposal could be worked out and made available to NATO about ten days in advance of the December 15 meeting. The President agreed. General Lemnitzer reported that the Joint Chiefs were in full agreement on the MRBM proposal, nothing that the U.S. in the first phase keeps control of the submarines. General Lemnitzer said the Joint Chiefs feel very strongly that the proposal should be put forward to NATO as a firm proposal.

Mr. Gray then referred to the proposed nuclear submarine cooperation with the Netherlands, France, and Italy.¹² Mr. Gates thought this was agreeable if the other nations were willing to buy and pay for the submarines. He did not think that we should provide any grant aid in connection with it. From his point of view, Mr. Gates said this is just a new propulsion system for any anti-submarine submarines. Mr. McCone said that the AEC objects because it will involve the disclosure of sensitive information.

Secretary Herter read the statement by Secretary of State Dulles in 1957 which offered such nuclear assistance to NATO nations while the President was in attendance.¹³

¹² Regarding U.S. negotiations with France on nuclear submarines, see Part 2, Documents 71 ff. Documentation on U.S. negotiations with the Netherlands and Italy on nuclear submarines is in Department of State, Central File 740.5611.

¹³ Reference presumably is to Dulles' statement to the meeting of Heads of Government of NATO countries in Paris on December 16, 1957, in which he said that the United States planned to seek the necessary legislation to enable the United States "to cooperate with interested members of NATO in the development, production, and fueling of nuclear propulsion and power plants for submarines and other military purposes." (Department of State *Bulletin*, January 6, 1958, p. 11)

Mr. Stans said the only question he had was regarding the type of submarines. He noted that the Skipjack was the only type mentioned in the offer. The 100 MRBM plan would need submarines and therefore he wondered why it should not be kept open as to whether the type of submarine should be Skipjack or Polaris. Secretary Gates said that this was really a different subject because the other nations wanted a modern propulsion system for their anti-submarine submarines.

Mr. McCone thought that the important restricted data involved should be retained by the U.S. as long as we can. Also this proposal involves a certification by the AEC that it would assist the mutual defense and security. He thought the AEC believes that the money required could be better spent elsewhere.

The President understood that the Netherlands had withdrawn their request for a nuclear submarine. However, he could not go along at all with Mr. McCone's view. He thought that this made second class countries of our allies. He did not think we could say to them that we did not trust them with this information when we know that the Russians have nuclear submarines. He did not see any reason for holding back on this proposal if the other nations will pay for the submarines. The President said he thought we were still trying to keep secrets under the same laws as when we thought we had an exclusive nuclear capability.

Mr. McCone said that he only wished the AEC's view to be reflected here but that if the nuclear submarine plan was part of an overall program involving many matters of vital interest, this might override the AEC view on the nuclear submarine proposal. In any case, Mr. McCone noted that the decision was up to the President.

The President said that he had been over this question for two years and he saw no reason why we should not go ahead with it. The only reason we had delayed in the case of France was because of their change in control of the Mediterranean fleet. The President said, however, that no grant aid should be involved. Secretary Gates thought that we should move forward on this slowly.

Mr. Gray questioned whether the Record should show that there would be no grant aid for the submarines or whether the entire program was dependent on the country receiving no grant aid from the U.S.

Secretary Gates said that he was in a minority with Secretary Anderson in opposing grant aid for these countries. He noted that France was not now getting any grant aid. Mr. Smith reported that the Netherlands was now receiving grant aid at the rate of about \$75 million a year.

Mr. McCone noted that if we were to give these countries the propulsion system to be used on the nuclear ship *Savannah*, no classified data would be involved. The President reiterated his approval of the nu-

clear submarine plan provided the recipient nations were not receiving any significant grant aid from the U.S.

As the President was leaving the meeting, Mr. Gray recommended to him and the President approved that the remainder of the State–Defense report (NSC 6017) be referred to the Planning Board for further study and recommendation.

*The National Security Council:*¹⁴

a. Noted and discussed certain issues contained in a report on the subject (NSC 6017), prepared by the Departments of State and Defense, in response to the reference NSC Actions calling for reports on (a) The Future of NATO; (b) The Roles and Contributions of the United States and Other NATO Nations; (c) Future NATO Nuclear Capabilities and the Problem of Nuclear Sharing; on the basis of a presentation by the Special Assistant to the President for National Security Affairs of certain policy issues (identified by the reference memoranda of November 16, 1960) connected with U.S. planning and guidance required for U.S. participation in the forthcoming North Atlantic Council meetings, as indicated below.

b. Noted the President's approval of the presentation at the forthcoming North Atlantic Council meeting of the following firm U.S. proposals, subject to the caveat regarding necessary U.S. Congressional action:¹⁵

(1) The United States will make a commitment to keep in the European NATO area (including Turkey), under U.S. custody, such U.S. nuclear weapons as are furnished for the accomplishment of approved NATO military plans.

(2) The NATO MRBM proposal (contained in the enclosure to the reference memorandum on the subject, "Special NSC Meeting", dated November 16, 1960), subject to the following amendments:

(a) *Paragraph 2, page 1:* Delete the bracketed phrase and the footnotes thereto.

¹⁴ Paragraphs a–f and the Note that follows constitute NSC Action No. 2334, approved by the President on December 17. (Department of State, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council) Changes in the text that led to the President's approval were in NSC Action No. 2336; see footnote 10, Document 274. Additional changes were made at the December 8 NSC meeting, resulting in NSC Action No. 2340. (Department of State, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council)

¹⁵ See NSC Action No. 2336–c for a further agreement on the procedure to be used at the forthcoming NSC meeting. [Footnote in the source text. For NSC Action No. 2336, see footnote 10, Document 274.]

(b) *Paragraph 3, page 1*: In the third line insert the words "buy and" between "therefore" and "contribute".¹⁶

(c) *Paragraph 3-a, page 2*: Delete the Defense version; include the State version, deleting the brackets and the footnote thereto; and add a new footnote reading as follows:

"*As indicated above, the multilateral financing of the 100 additional MRBMs will be exclusive of U.S. participation."¹⁷

(d) *Paragraph 3-c, page 2*: Delete the footnote thereto.¹⁸

(e) *Paragraph 4, page 3*: Revise the third and fourth lines to read as follows:

"would be prepared to facilitate NATO procurement by sale of Polaris missiles and of the required equipment".¹⁹

(f) *Paragraph 6, page 3*: Revise the first line to read as follows:

"6. The United States emphasizes that other NATO nations should undertake."

In the third line, substitute "their" for "its".²⁰

c. Noted the President's directive that the Secretary of Defense, the Chairman, Joint Chiefs of Staff, and the Chairman, Atomic Energy Commission, arrange for a re-examination of present NATO stockpile procedures in order to indicate what legislative changes might be required to give assurance of a prompt and proper response within the short reaction times of missile warfare.

[1 paragraph (9 lines of source text) not declassified]

e. Noted that the President approved the proposal for nuclear submarine cooperation contained in paragraph 90 of NSC 6017, subject to the understanding that any U.S. assistance in the form of submarines or components must be purchased by the recipient government and will be

¹⁶ The first sentence of paragraph 3 reads: "The U.S. would expect that other NATO governments will want to join in the creation of a NATO MRBM Force and that they would therefore contribute approximately 100 additional MRBMs in order to meet SACEUR's MRBM requirements through 1964."

¹⁷ Regarding paragraph 3-a, see footnote 5 above. The footnote to the Department of State proposal reads: "This is the language which was in the paper approved in principle by the President on October 3 at meeting with Secretary Gates and Under Secretary Merchant, and which was subsequently made known to M. Spaak."

¹⁸ The footnote to paragraph 3-c, which called for a plan to safeguard the security of the classified design data for the weapons and delivery system, reads: "AEC believes U.S. should decide in advance of the offer whether it would approve multinational custody and access to design."

¹⁹ The first sentence of paragraph 4 reads: "If a plan as indicated under paragraph 3 above is developed which is acceptable to the NAC, the U.S. would be prepared to facilitate NATO procurement of Polaris missiles together with the required equipment and vehicles for deployment."

²⁰ Regarding paragraph 6, see footnote 6 above.

made available only if the recipient government is not receiving significant grant aid from the United States.²¹

f. Referred the subject report (NSC 6017) and related memoranda to the NSC Planning Board for further study and comment on policy issues not covered by the above actions, with particular reference to consideration of studies looking toward a long-term plan to reduce U.S. force deployments and expenditures in Europe.

Note: The action in b above, as approved by the President, subsequently transmitted to the Secretaries of State and Defense for appropriate implementation.

The action in c above, as approved by the President, subsequently transmitted to the Secretary of Defense, the Chairman, JCS, and the Chairman, AEC, for appropriate implementation.

The actions in d and e above, as approved by the President, subsequently transmitted to the Secretaries of State and Defense and the Chairman, AEC.

James S. Lay, Jr.

²¹ Paragraph 90 of NSC 6017 reads as follows:

"Nuclear Submarine Cooperation. Present policy authorizing negotiation of nuclear submarine cooperation agreements with NATO allies under certain conditions is satisfactory, and no additional requirements in terms of policy guidance or legislative authorization are foreseen. With respect to the implementation of existing policy, the Executive Branch should initiate action of a more liberal basis toward the Netherlands, France, and Italy in the field of submarine nuclear propulsion for Skipjack-type submarines. An unreasonable risk to the common defense and security of the United States does not appear to be involved if appropriate bilateral agreements, including adequate provision for safeguarding classified information and material, are entered into. Specifically, the United States should:

"a. Inform the Netherlands, France and Italy that we would be prepared to open negotiations on the same basis as the present cooperation agreement with the United Kingdom and on the understanding that any submarines built under such cooperation agreements will be committed to NATO for the duration of the Treaty. However, in each case the United States should also suggest that the allied government may wish to reconsider its interest in nuclear submarine cooperation in view of the possibility that the meeting of MRBM and other NATO force goals may represent conflicting requirements in terms of resource allocation.

"[1 paragraph (3 lines of source text) not declassified]

"c. Seek the United Kingdom's agreement to commit to NATO any nuclear-powered submarines built by it as a result of U.S. assistance."

274. Memorandum of Discussion at the 468th Meeting of the National Security Council

December 1, 1960.

[Here follow a paragraph listing the participants at the meeting and agenda item 1.]

2. *NATO in the 1960's* (NSC 6017; Memo for NSC from Executive Secretary, subject: "Special NSC Meeting", dated November 16, 1960; Memo for NSC from Executive Secretary, subject, "NATO MRBM Force", dated November 29, 1960)¹

Mr. Gray called attention to the draft Record of Action of the 467th NSC meeting held in Augusta on November 17.² That draft Record of Action contained a paragraph which stated that "the U.S. will make a commitment to maintain those nuclear weapons required for approved NATO military plans, deployed under U.S. custody in accordance with agreed NATO plans." The President had tentatively approved this paragraph but Defense had requested reconsideration and had suggested the following language as a substitute: "The U.S. will make a commitment to keep in the European NATO area, under U.S. custody, its contributions of nuclear weapons to meet the requirements for the accomplishment of approved NATO military plans."

Mr. Irwin said the Department of Defense did not disagree with the substance of the tentatively approved paragraph but both Defense and the Joint Chiefs of Staff believe that some "tightening up" of the language would be desirable. The Defense proposal differed from the tentatively approved paragraph in four respects. In the first place, Defense proposed to use the word "keep" instead of the word "maintain". The President said he had no objection to this change. Continuing, Mr. Irwin said that in the second place, Defense proposed to use the phrase "in the European NATO area" in order that the language would be more specific as to the geographical region covered. The President asked whether the five Polaris submarines which the U.S. would commit to SACEUR

Source: Eisenhower Library, Whitman File, NSC Records. Top Secret. Drafted by Boggs.

¹ Regarding NSC 6017 and the November 16 memorandum, see footnote 2, Document 273. The November 29 memorandum transmitted the paper on NATO MRBMs, as amended at the November 17 NSC meeting, for further NSC consideration. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, NSC 6017) The memorandum of discussion at the November 17 NSC meeting is printed as Document 273.

² Attached to a memorandum of meeting with the President on November 25, prepared by Gray on November 28. (Eisenhower Library, Project Clean Up, Meetings with the President)

might not be stationed in international waters. He had not favored the Defense language when it had been shown to him earlier because he had thought it could be interpreted to mean that the U.S. contribution of nuclear weapons would necessarily be stationed within the NATO countries. Mr. Irwin said that the word "European" might be deleted from the Defense proposal. Mr. Gray asked whether the Defense proposal did not refer to weapons other than Polaris submarines. Mr. Irwin said the Defense paragraph referred to the whole nuclear weapons stockpile. The President said that the paragraph could, therefore, include Polaris submarines. Mr. Irwin agreed.

Mr. McCone felt that the paragraph should contain a provision that we could withdraw nuclear weapons from the NATO stockpile. He was becoming alarmed at the projected size of the NATO stockpile. Secretary Dillon said we were committed to keep in the NATO area only those nuclear weapons required for the accomplishment of approved NATO plans. The President wondered whether we should not say that the U.S. would "keep at any time the nuclear weapons to meet the requirements."

[2 paragraphs (43 lines of source text) not declassified]

Continuing his exposition of the differences between the Defense proposal and the tentatively approved paragraph, Mr. Irwin said that, in the fourth place, Defense wished to use the expression "to meet the requirements for the accomplishment of approved NATO military plans" instead of the term "required for approved NATO military plans". The President said it seemed to him that Mr. Irwin's fourth point described a distinction without a difference. Mr. Irwin said that the language in the tentatively approved paragraph, "deployed in accordance with agreed NATO plans", could be interpreted to mean a more specific deployment than was suggested by the Defense change.

The President said he was still disturbed by the expression "NATO area". He did not know how the NATO area would be defined. Mr. Irwin explained that the tentatively approved version of the paragraph did not mention the area at all. Defense thought it was desirable to specify the area in which the U.S. would be committed to keep nuclear weapons. The President suggested that the paragraph might say that we would keep weapons promptly ready for NATO use. He wondered whether that was not the meaning we were trying to express. *[13 lines of source text not declassified]*

[1 paragraph (21 lines of source text) not declassified]

Mr. Gray then referred to the draft statement of policy on the NATO MRBM Force which had been revised at the Augusta Council meeting on November 17. After the Augusta meeting Mr. Stans had made a suggestion for a revision of the second sentence of Paragraph 2

of the paper and this suggestion had been tentatively approved by the President. Other agencies had requested reconsideration and under cover of a memorandum dated November 29 the NATO MRBM paper had been circulated to the Council with two versions of the second sentence of Paragraph 2 in parallel columns as follows, the left-hand version being taken from the original paper and the right-hand version being Mr. Stans' proposal.

"The U.S. would consider the five Polaris submarines as a contribution to the NATO MRBM Force, described in paragraph 3³ below and, in the event of its establishment, would undertake not to withdraw them from NATO without NAC consent during the life of the Treaty."

"The United States would consider the five Polaris submarines as a contribution to the NATO MRBM Force, described in paragraph 3 below and, in the event of its establishment, and subject to the measures called for in paragraph 6 below, ⁴would undertake not only to commit them to SACEUR but to agree not to withdraw them from NATO without NAC consent during the life of the treaty."

Secretary Dillon called attention to an error in the right-hand version of the sentence which contained the phrase "would undertake not only to commit them to SACEUR". The sentence was intended to refer to our commitment of five Polaris submarines to the NATO MRBM force, a commitment which was not the same as the original commitment to SACEUR referred to in the first sentence of Paragraph 2 of the NATO MRBM paper.⁵ The words he had just quoted were confusing because they seemed to be talking about the first phase of the commitment. Mr. Dillon then turned to the expression in the right-hand version, "subject to the measures called for in Paragraph 6". He said this was a difficult question which brought up the problem of how the U.S. proposal on NATO MRBMs would be presented in Paris. Secretary Dillon had no objection to Mr. Stans' suggestion that our contribution of five Polaris submarines to the NATO MRBM Force should be linked to the measures called for in Paragraph 6 as a statement of our own understanding of our objective. However, he felt very strongly that if the U.S. proposal were presented to the NATO countries with our commitment of Polaris sub-

³ See footnote 16, Document 273.

⁴ See footnote 6, Document 273.

⁵ This sentence, as amended at the November 17 meeting, reads: "As a modification of the proposal made by the United States on April 1, 1960, the United States offers to commit to SACEUR as an Interim NATO MRBM Force, five Polaris submarines which will be operational prior to the end of calendar year 1963."

marines to the NATO MRBM Force linked to the measures in Paragraph 6, the proposal would be unacceptable because we would be asking our NATO allies to provide 100 MRBMs unconditionally while we were willing only to commit ourselves on condition that we were unilaterally satisfied as to the additional measures which these countries would carry out, measures which were not spelled out. Secretary Dillon reported that in Europe last week he had presented the substance of the NATO MRBM proposal orally to Adenauer, Couve de Murville, and Lord Home as well as to Senators Johnson and Fulbright.⁶ He discovered there were divergent views as to the substance of the proposal in the three capitals but there was agreement on principle. The Germans had welcomed our proposal as it stood; the French had also welcomed it although not unreservedly. Some of the French officials with whom the proposal was discussed felt that it would provide De Gaulle with an escape from his commitment to develop French national nuclear capabilities. The French had indicated, however, that if we table all the details of this proposal for a multilateral force, they would have difficulty in accepting it. The U.K. had been opposed to the idea contained in the NATO MRBM paper [5-1/2 lines of source text not declassified]. The U.K. hopes that our NATO MRBM proposal will not be presented in any detail. If we should present a detailed scheme, the U.K. would have to mention its reservations. Ambassador Burgess and General Norstad agree that it would be undesirable to present a detailed proposal. Secretary Dillon therefore felt that the concept of a multilateral MRBM Force should be put forward as a concept but that the text of the NATO MRBM paper should not be distributed to the other governments concerned. Chairman Holifield of the Congressional Joint Committee concurred.⁷ Secretary Dillon said the Department of State therefore believed that Ambassador Burgess and Secretary Herter should present (1) our stockpile proposal, (2) our specific offer of five Polaris submarines to be used under present NATO procedure for the use of national forces made available to NATO and (3) the hope that other NATO governments would wish to consider a NATO MRBM Force involving 100 additional medium-range ballistic missiles. In connection with the third point, the U.S. would indicate that it would be prepared to consider a

⁶ Memoranda of Dillon's conversations with Adenauer (US/MC/1), with Couve de Murville (US/MC/12), and with Senators J. William Fulbright and Lyndon B. Johnson (US/MC/22) are in Department of State, Conference Files: Lot 64 D 559, CF 1781. Secretary of the Treasury Anderson accompanied Dillon on this trip and participated in the meetings. Dillon's briefing of British Foreign Secretary Lord Home was summarized in telegram 2353 from London, November 26. (*Ibid.*, Central Files, 740.5611/11-2660)

⁷ Congressman Chet Holifield, Vice Chairman of the Joint Committee on Atomic Energy, and other Congressmen met with Department officials on November 25. (Memorandum of conversation; *ibid.*, 740.5611/11-2560)

permanent MRBM Force if NATO could see its way clear to the establishment of such a force. We would further state that we realize the establishment of a permanent force would raise a large number of technical military and political problems as well as problems of ownership which would require discussion. Secretary Dillon said this procedure which he had just outlined would be a substitute for the tabling of a detailed paper which would imply that we have a blueprint ready. He felt it was important to discuss this matter with NATO on an equal basis rather than to confront NATO with a complete scheme. He had talked the matter over with Secretary Gates who had agreed with his idea of presenting the NATO MRBM Force as a concept rather than as a detailed plan.

The President inquired whether Mr. Dillon was indicating that our policy paper on the subject should say what our objective is and should then indicate what our tactical approach to NATO should be in view of the doubts of our NATO allies. Secretary Dillon said that Mr. Stans' suggestion for revision of the second sentence of Paragraph 2 of the NATO MRBM paper was acceptable as a statement of U.S. policy but was not acceptable as a statement of the way we should approach NATO. Mr. Stans said he had no objection to eliminating from his proposal the expression "not only to commit them to SACEUR." He thought the problem of words in the NATO MRBM paper was becoming more important all the time. He had assumed that as we completed the five Polaris submarines and deployed them, there would be concurrent action by NATO to buy 100 MRBMs and also to strengthen MC-70 forces. There was also a question as to whether we were deploying the five Polaris submarines to NATO permanently. The President said the proposal involved two phases. In the first phase we had complete control of the Polaris submarines; in the second phase, we transferred them to NATO.

Mr. Irwin said that with respect to Mr. Stans' desire to make the contribution of five Polaris submarines to the NATO MRBM Force subject to the measures in Paragraph 6 (i.e. additional vigorous measures by the other NATO nations to strengthen their other forces), the Department of Defense had serious problems, not only in connection with the presentation of the NATO MRBM proposal but also in connection with the secret statement of U.S. policy. The NATO MRBM Force was intended to solve some of the political and military problems of NATO, including the problem of multiplicity of nuclear weapons. If we inserted in the proposal a condition which indicates that NATO must proceed to acquire 100 MRBMs, after which we will decide subjectively whether other NATO nations have accomplished enough improvement in MC-70 forces, we would be ensuring defeat of the proposal before it is presented to NATO. Even if the condition suggested by Mr. Stans is

included only in our own policy statement and is not revealed to NATO, the condition three or four years from now will arise to haunt us.

Secretary Dillon suggested that we should tell the other NATO countries that the NATO MRBM Force could not be established at the expense of improvement in MC-70 forces. He agreed with Mr. Irwin that in the presentation of the NATO MRBM proposal, we could not give the other NATO countries the impression that our willingness to commit Polaris submarines to the NATO MRBM Force is subject to our unilateral interpretation as to improvement in MC-70 forces.

Mr. Stans believed that the President's recent decision to reduce U.S. troop deployments abroad renders it especially necessary to make the MRBM Force contingent on MC-70 improvements.⁸ The President remarked that the MRBM paper referred to "the life of the treaty". He pointed out that if the treaty were denounced, the present discussion would be very academic. We should assume good faith on the part of our allies or we will not have allies. At the same time we must make clear to our allies what we expect of them.

Mr. Irwin said that Defense was satisfied with the NATO MRBM paper. He had been with Secretary Dillon when the latter had presented the NATO MRBM proposal in Europe. He himself had talked with Defense Minister Strauss and to the Defense Ministry in London.⁹ Secretary Dillon had presented the proposal during his recent trip to Europe in the manner in which Defense would like to see it presented to the North Atlantic Council. Secretary Dillon spoke to the paper but did not provide a copy of it to the governments with which he discussed it. Mr. Irwin felt there should be both a presentation and a paper. If substantial changes were made in the MRBM paper, Mr. Irwin felt sure the Secretary of Defense would like an opportunity to consider them. Mr. Stans suggested that after the Council meeting those principally concerned might be able to devise some words which would meet the difficulties which had arisen. Secretary Dillon reiterated that he wanted to avoid making a flat, detailed proposal to the NATO countries. The President said he would like to strengthen NATO through the things we do at home in order that we might redeploy some of our U.S. divisions from Europe. He regarded the maintenance of 5-1/2-6 U.S. divisions in Europe as unproductive.

Mr. Gray suggested that the second sentence of Paragraph 2 of the NATO MRBM paper might contain the phrase "and assuming reasonable action under Paragraph 6" as the statement of the condition under

⁸ See footnote 8, Document 273.

⁹ No other record of Irwin's talks with Strauss and the British Defense Ministry have been found.

which we would contribute Polaris submarines to the NATO MRBM Force. The President commented that he understood the anxiety expressed by Mr. Stans but he believed the left-hand version of the second sentence of Paragraph 2 of the paper was the most desirable version. Mr. Irwin said the point of Paragraph 6 of the paper was to provide the U.S. with an opportunity to encourage other NATO nations to strengthen their MC-70 forces. Mr. McCone felt that Paragraph 6 should not be made a condition precedent to the contribution of Polaris submarines to the NATO MRBM Force. Mr. Stans expressed anxiety lest the policy in Paragraph 6 not be conveyed to the other NATO countries if the NATO MRBM paper was to remain a U.S. statement of policy and was not to be tabled. Secretary Dillon said the substance of Paragraph 6 could be conveyed in an oral presentation on our proposal. The President suggested we might even put a footnote to Paragraph 2 referring to Paragraph 6 but he did not want to use the phrase "subject to the measures called for in Paragraph 6." Mr. Gray suggested that in Paragraph 6 the expression "the U.S. should make clear" might be substituted for "believes." As a counter-suggestion, Mr. Irwin proposed the substitution of "emphasis" for "believes" since the NATO MRBM paper might subsequently be tabled.

Mr. Gray said he had intended to bring up the question of whether the five Polaris submarines would be internationalized in the second phase but he believed this was now a detail and need not be considered.

*The National Security Council:*¹⁰

a. Discussed a revised paragraph 2-b-(1) of the draft Record of Actions of the 467th NSC Meeting, distributed at the meeting, and agreed that it should read as follows:

"(1) The United States will make a commitment to keep in the European NATO area (including Turkey), under U.S. custody, such U.S. nuclear weapons as are furnished for the accomplishment of approved NATO military plans."

b. Discussed the paper on "NATO MRBM Force", as amended at the NSC meeting on November 17, 1960, transmitted by the reference memorandum of November 29, 1960; and adopted it as a statement of U.S. policy subject to the following amendments:

(1) *Page 1, paragraph 2, second sentence:* Include the version in the left-hand column and delete the version in the right-hand column.

¹⁰ Paragraphs a-c and the Note that follows constitute NSC Action No. 2336, approved by the President on December 17. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council) Minor remaining difficulties were resolved at the 469th NSC meeting on December 8, and the resulting NSC Action No. 2340 was approved by the President on December 17. (*Ibid.*)

(2) *Page 3, paragraph 6, first line:* Substitute the word “emphasizes” for the word “believes”

c. Agreed with the proposal by the Acting Secretary of State that the following procedure should be used at the NAC meeting:

(1) The United States should present as a firm proposal the commitment regarding nuclear weapons (as agreed upon in a above).

(2) The United States should present a concept for a NATO MRBM force and in that context offer to commit five Polaris submarines to NATO as an interim MRBM force. The remainder of the statement of policy on “NATO MRBMs” adopted by b above should link the interim force to the permanent force but generally be presented in terms which make it clear that the establishment of a permanent MRBM force will require study and consideration by NATO and that U.S. participation therein will require Congressional approval.

(3) In making the presentation, the United States should emphasize the great importance it attaches to parallel efforts by the European NATO nations to improve the defensive strength of the Alliance in the ways described in the statement of policy on NATO MRBMs.

Note: The above action, as approved by the President, subsequently reflected in the Record of Actions of the 467th NSC Meeting, and circulated to the National Security Council for appropriate implementation under the coordination of the Secretaries of State and Defense.

[Here follow the remaining agenda items.]

Marion W. Boggs

275. Editorial Note

The Ministerial Meeting of the North Atlantic Council, held in Paris December 16–18, was attended by all the Foreign Ministers and NATO Permanent Representatives of the 15 member countries. The U.S. Delegation was headed by Secretary of State Christian A. Herter and included Secretary of the Treasury Robert B. Anderson, Secretary of Defense Thomas S. Gates, Jr., and Permanent NATO Representative W. Randolph Burgess. For the list of the principal members of the delegation, including advisers from the Departments of State and Defense, see Department of State *Bulletin*, December 26, 1960, pages 978–979.

The most extensive body of documentation on this NATO Ministerial Meeting is maintained in Department of State, Conference Files: Lot

64 D 559, CF 1802–1813. CF 1802 contains a set of memoranda of conversation between U.S. and foreign officials. Copies of Tocah and Cahto telegrams are in CF 1803. CF 1804 contains copies of Tosec and Secto telegrams; copies of Topol and Polto telegrams are in CF 1805. Briefing books are in CF 1806–1808. Orders of the Day for December 14–19 are in CF 1809. Administrative papers are in CF 1810. Substantive miscellaneous papers, including verbatim records of the Ministerial sessions, are in CF 1811. No summary records of this Ministerial Meeting have been found. CF 1812 contains miscellaneous administrative papers. A chronological record of meetings for the December 12–19 period is in CF 1813. Telegrams and documentation on this Ministerial Meeting are *ibid.*, Central File 396.1–PA.

The Ministerial Meeting of the North Atlantic Council was preceded by ceremonies in Brussels, Belgium, December 13–15, surrounding the marriage of Belgian King Baudouin to Doña Fabiola de Mora y Aragon. Herter, who was President Eisenhower's personal representative at these festivities, Mrs. Herter, and members of his party left Washington on Monday, December 12, at 7 p.m. and arrived in Brussels at 9:45 a.m. the following morning. For Secretary Herter's departure statement in Washington and his arrival statement in Brussels, see Department of State *Bulletin*, January 9, 1961, pages 40–41. Documentation on Herter's visit to Brussels is in Department of State, Conference Files: Lot 64 D 559, CF 1799–1801.

Herter and members of his party left Brussels on Wednesday, December 14, and arrived in Paris at 11:35 a.m. At 10:45 a.m. the same morning, Livingston T. Merchant and other U.S. officials met with British and French officials. Memoranda of their conversations on procedural arrangements for the forthcoming Ministerial Meeting (US/MC/3) and East-West relations (US/MC/4) are *ibid.*, CF 1802. Following a working luncheon for the U.S. Delegation, of which no record of the discussion has been found, Merchant and other U.S. officials met with British and French officials at 3:30 p.m. Memoranda of their conversations on Africa (US/MC/2), Laos (US/MC/5), and the Caribbean (US/MC/6) are *ibid.*, CF 1802. At some point that afternoon, Herter met with Anderson, Burgess, Generals Lemnitzer and Norstad, and other U.S. officials to discuss the specific wording in the balance-of-payments portion of Herter's speech to the Ministerial Meeting. Herter's message to the President reporting their discussion and the changes in wording of his speech was transmitted in Cahto 1, December 13. (*Ibid.*, Central Files, 396.1–PA/12–1360)

At 9:30 a.m. on Thursday, December 15, the delegation held a meeting. Minutes of this meeting, which reviewed the planning for the NATO Ministerial Meeting on a number of topics, and list of participants are *ibid.*, Conference Files: Lot 64 D 559, CF 1811. A memorandum

of Merchant's conversation with Sir Frederick Hoyer Millar, British Under Secretary of State for Foreign Affairs, at 10:30 a.m. on the role of the Kennedy administration in nuclear arrangements with the United Kingdom (US/MC/25), is *ibid.*, CF 1802. Merchant and other U.S. officials held tripartite talks with British and French officials at 10:45 a.m. Memoranda of their conversations on Africa (US/MC/7), trend of the United Nations (US/MC/8), and Laos (US/MC/9), are *ibid.*, CF 1802. At 3 p.m., Herter met with Secretary of Defense Gates; no record of their conversation has been found. At 4 p.m., Robert H. McBride, Director of the Office of Western European Affairs, met with Henry Davis of the Canadian Delegation to discuss their positions on an Afro-Asian resolution in Algeria in the United Nations. (US/MC/1; *ibid.*, CF 1802) At about the same time, McBride also met with Charles Lucet, Political Director in the French Foreign Ministry, and discussed the attitude of Spain toward the Algerian situation. (US/MC/13; *ibid.*, CF 1802) A memorandum of conversation among McBride, Lucet, Randolph Kidder, Counselor of the Embassy in France, and Hervé Alphand, French Ambassador to the United States, at 4:30 p.m. on Algeria (US/MC/12), is *ibid.*, CF 1802. Herter's discussion at dinner with French Foreign Minister Couve de Murville on a French atomic bomb test in the Sahara which, Couve de Murville revealed, would probably take place between December 20 and 25 was transmitted in Cahto 3, December 16. (*Ibid.*, Central Files, 396.1-PA/12-1660) Their discussion of a French nuclear reactor for Israel was transmitted in Cahto 4. (*Ibid.*) The memorandum of a tripartite conversation on the Congo (US/MC/20) is printed in volume XIV, pages 631–635. Memoranda of tripartite conversations on East-West relations (US/MC/21) and Latin America (US/MC/22) are in Department of State, Conference Files: Lot 64 D 559, CF 1802.

On Friday, December 16, the first session of the NATO Ministerial Meeting convened at 10:15 a.m. to discuss item I of the agenda, review of the international situation. (A copy of the agenda, C-A (60) 49, is *ibid.*, CF 1806) Herter opened the morning session by reading a statement from President Eisenhower to the Council. (Secto 8 from Paris, December 16; *ibid.*, Central Files, 396.1-PA/12-1660) For the text of Eisenhower's statement, see Department of State *Bulletin*, January 9, 1961, page 39. Herter then initiated discussion on agenda item I with a statement of Soviet policy since the collapse of the summit in Paris in May and the situation in Laos and in Cuba and Latin America in general. In his presentation on specific countries and regions, he often referred to reports prepared by NATO experts by geographical areas. Copies of these reports are in Department of State, Conference Files: Lot 64 D 559, CF 1806. A topical outline of the Secretary's statement was transmitted in Polto A-235, December 17. (*Ibid.*, Central Files, 396.1-PA/12-1760) Several Foreign Ministers participated in the ensuing general discus-

sion, which the U.S. Delegation summarized in Polto 869, December 16. (*Ibid.*, 396.1-PA/12-1660) During the discussion, German Foreign Minister Heinrich von Brentano reviewed the NAC's strong support on Berlin, prompting the following comment in Polto 869: "Brentano clearly bidding for strong statement on Berlin in communiqué." The Verbatim Record (C-VR (60) 49) of this session is *ibid.*, Conference Files: Lot 64 D 559, CF 1811. At 1:15 p.m., Merchant met with Jules Leger, Canadian Permanent Representative to NATO, and discussed U.S.-Canadian relations. (US/MC/11; *ibid.*, CF 1802)

At 3:15 p.m., the Ministerial Meeting reconvened to finish discussion of agenda item I and begin discussion of agenda item II, NATO long-range planning. The discussion on item I at the afternoon session was summarized in Polto 870, December 17. (*Ibid.*, Central Files, 396.1-PA/12-1760) After representatives of all the NATO countries except Norway, Denmark, Iceland, and Luxembourg had spoken on the subject, Secretary General Paul-Henri Spaak summarized the discussion and offered pessimistic conclusions concerning the lack of Western solidarity and the need to adapt to the new Communist threat. Herter's opening statement on long-range planning, in which he outlined U.S. proposals on NATO's mid-range ballistic missiles, is printed as Document 276. The reactions of several Foreign Ministers to Herter's presentation are summarized in Document 277. The Verbatim Record (C-VR (60) 50) of this session is in Department of State, Conference Files: Lot 64 D 559, CF 1811. At 4:20 p.m., McBride met with Mr. Sensi of the Italian Delegation to discuss the South Tyrol situation and other matters of mutual concern. (US/MC/14; *ibid.*, CF 1802)

On Saturday, December 17 at 10 a.m., Italian Foreign Minister Antonio Segni paid a courtesy call on Secretary Herter; they discussed the U.S. MRBM proposal to NATO and other matters of mutual concern. (US/MC/15; *ibid.*, CF 1802) At some point the same morning, John N. Irwin, II, Assistant Secretary of Defense for International Security Affairs, met with Franz-Joseph Strauss, German Minister of Defense, on a proposed increased military assistance procurement program by Germany from the United States. The record of this meeting was transmitted in Polto 872, December 17. (*Ibid.*, Central Files, 762A.5-MSP/12-1760)

The Ministerial Meeting convened at 10:15 a.m. to discuss item III, military questions. This session was summarized in Polto 873, December 18. (*Ibid.*, 396.1-PA/12-1860) Following an intelligence briefing on Soviet military strength and economic and military tactics and the growing danger of Soviet penetration into Africa and the resulting outflanking of NATO, the meeting turned to brief discussion of MC-5/15, the Military Committee's report entitled "The Military Progress of the North Atlantic Treaty Organization," and the 1960 Annual Review.

MC-5/15 (Revised), which is identical to MC-5/15 except for the addition of a cover sheet, and the Report on the 1960 Annual Review (C-M (60)103) are *ibid.*, Conference Files: Lot 64 D 559, CF 1807. Secretary Gates' statement on the 1960 Annual Review was transmitted in Polto G-909, December 18. (*Ibid.*, Central Files, 396.1-PA/12-1860) Gates' speech emphasized that meeting NATO long-term force levels required "continued efforts to achieve balanced collective forces, standardization, and integration of command structure and in some cases of logistical systems." He also outlined U.S. research and development programs in outer space which were applicable to NATO security and military assistance programs, especially the U.S. decision to curtail and in some cases terminate grant assistance to NATO governments and the increasing need to use U.S. military assistance to support coordinated research, development, and production of the more complex and costly modern weapons in Europe.

German Defense Minister Strauss then surveyed his government's problems and progress on manpower, infrastructure, and matériel, strongly opposed the redeployment of U.S. forces back to the United States, urged allied support to counteract Communist propaganda, supported the U.S. MRBM proposal, questioned the overemphasis on conventional forces which, he believed, represented some departure from the MC-70 concept, and suggested studies on ways to improve military integration. Strauss' lengthy statement was summarized in Polto 877, December 18. (*Ibid.*, 396.1-PA/12-1860)

Following further general discussion on meeting country force goals, the Ministerial Meeting approved a draft resolution on defense (C-M (60)104) which has not been found. The Foreign Ministers also discussed a paper on cooperation in research, development, and production (C-M (60)110), and approved paragraph 12, which was a report by the Armaments Committee on the subject. C-M(60)110 has not been found. The meeting then adopted in principle a 4-year ceiling of 250 million pounds for a new infrastructure program, which had been outlined in an International Staff paper, the text of which had been transmitted in Polto 865, December 15. (*Ibid.*, 375.75/12-1560) An inconclusive discussion on cost-sharing relating to the infrastructure program was finally deferred to a later session for decision. The Verbatim Record (C-VR (60)51) of this morning session is *ibid.*, Conference Files: Lot 64 D 559, CF 1811.

At approximately noon, Merchant met with Portuguese Foreign Minister Marcelo D. Mathias. A memorandum of their conversation on the Portuguese reaction to a recent U.N. General Assembly vote on Portuguese territories (US/MC/10) is *ibid.*, CF 1802. Secto 24, December 18, transmitted a summary of a luncheon discussion between U.S. and German officials on the possibility of an early technical agreement on Ger-

man vested assets in the United States. (*Ibid.*, Central Files, 811.10/12-1860)

The afternoon session, which reconvened at 3:15 p.m., resumed discussion of agenda item II. This discussion was summarized in Polto 878, December 18. (*Ibid.*, 396.1-PA/12-1860) Much of the discussion focused on the recommendations in Spaak's progress report on long-range planning for consultation on problems arising outside the NATO area and in economic matters, such as oil and credits, aid to less-developed NATO member countries, and political aspects of the Soviet offensive in under-developed areas, and the relationship of NATO to the United Nations. A copy of Spaak's Progress Report on Long-Range Planning (C-M (60)111) is *ibid.*, Conference Files: Lot 64 D 559, CF 1806. The Verbatim Record, (C-VR (60)52) of this session is *ibid.*, CF 1811. At 4 p.m., Martin J. Hillenbrand, Director of the Office of German Affairs, met with German Foreign Minister Brentano. A memorandum of their discussion of German and Berlin problems (US/MC/16) is *ibid.*, CF 1802. A memorandum of Hillenbrand's conversation with Wilhelm Grewe, German Ambassador to the United States, on Adenauer and Berlin problems (US/MC/17) at 5:30 p.m. is *ibid.*, CF 1802. Secto 25 from Paris, December 18, transmitted a summary of Herter's meeting with Belgian Foreign Minister Pierre Wigny at dinner on the use of Belgian officers in the army of Moïse Tshombé, President of Katanga. (*Ibid.*, Central Files, 770G.00/12-1860)

The final session of the Ministerial Meeting, which convened at 10 a.m. on Sunday, December 18, to discuss agenda items V and VI, was summarized in Polto 879, December 18. (*Ibid.*, 396.1-PA/12-1860) (There was apparently no discussion of agenda item IV.) The Council approved and referred to the Permanent Representatives a Turkish draft resolution regarding ways and means for providing economic aid to less developed NATO countries. The text of the Turkish resolution was transmitted in Polto 880, December 19. (*Ibid.*, 396.1-PA/12-1860) Discussion on the communiqué followed. The Council agreed to defer decision on a NATO Heads of Government meeting in December 1961, retained the word "welcomed" but made other minor changes in the draft communiqué regarding the U.S. pledge on a nuclear stockpile, and omitted specific reference to five Polaris submarines in the U.S. offer on MRBMs. Because of Portuguese objections, no agreement was made on a cost-sharing formula for infrastructure, and the problem was referred to the NATO Permanent Representatives. For text of the communiqué, see Department of State *Bulletin*, January 9, 1961, pages 39-40. The Verbatim Record (C-VR (60)53) of this session is in Department of State, Conference Files: Lot 64 D 559, CF 1811.

Following this session, Counselor Theodore C. Achilles met with Norwegian Foreign Minister Halvard Lange concerning the U.S. MRBM

proposal and Lange's availability if a new NATO Secretary General were needed. Subsequently, they were joined by Robert Magill, Deputy Director of the Office of European Regional Affairs, and Sir Evelyn Shuckburgh, British Deputy Under Secretary of State for Foreign Affairs, to continue discussion on the U.S. MRBM proposal. (US/MC/18; *ibid.*, CF 1802) At 1:45 p.m., Herter read a statement for television on the NATO Ministerial Meeting. The text of his statement was transmitted in Secto 23, December 18. (*Ibid.*, Central Files, 110.11–HE/12–1860) At 5:05 p.m., Herter met with British Foreign Secretary Lord Home and Couve de Murville to discuss developments in Laos. (US/MC/24; *ibid.*, Conference Files: Lot 64 D 559, CF 1802) At 6 p.m., Herter left this meeting, and Merchant and other U.S. officials discussed the U.N. debate on Algeria with the British and French Foreign Ministers and their advisers. (US/MC/23; *ibid.*) At 6:15 p.m., Herter held a press backgrounder, a verbatim record of which is *ibid.*, CF 1811. At 7:15 p.m., Herter met with C.L. Sulzberger, columnist for *The New York Times*, for a background interview. For Sulzberger's recollections of this interview, see *Last of the Giants*, pages 714–715.

On Monday morning, December 19 at 10:12 a.m., the Secretary and his party left Paris for Washington where they arrived at 3 p.m. For text of Herter's departure statement, December 19, see Department of State *Bulletin*, January 9, 1961, page 41.

276. Airgram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 17, 1960.

Polto A–234. From USDel. Following is text Secretary's statement under Agenda Item II—"NATO Long-Range Planning"—presented at NATO Ministerial Meeting December 16, 1960:¹

When we met last December, the Council agreed that we undertake long-range planning to define our tasks for the decade ahead.² Since then, a good start has been made to implement this decision.

Source: Department of State, Central Files, 396.1–PA/12–1760. Secret. Pouched to the NATO capitals and Moscow.

¹ Herter read this statement to the afternoon session of the Ministerial Meeting on December 16.

² For text of the communiqué issued on December 17, 1959, see Department of State *Bulletin*, January 4, 1960, p. 3.

Alliance long-range planning does not aim at developing tidy blueprints for future periods. Rather, it involves development of agreed long-range views to guide our year-to-year actions.

An essential step is to define the enduring purposes of the Atlantic Community.

As I see it, these purposes are twofold:

Creatively, to try to shape the basic forces of change toward a viable order, which will accommodate the basic aspirations of free men.

Defensively to prevent the Communist bloc from undermining this nascent order and substituting its own.

The *creative* task calls both for helping less developed countries, whose "nation building" needs are far more extensive, and for forming ever closer and more complex political and economic ties among the Atlantic nations.

The *defensive* task calls for an effective NATO defense in an era of mounting nuclear and missile capabilities on both sides of the Iron Curtain.

The Atlantic nations must find common answers to these needs or face the prospect of declining viability and a revival of inadequate and divisive national approaches to what are really common tasks. It is the purpose of long-range planning to provide a basis for agreed action to this end.

I would like first to develop for you the present views of my Government on the principal military aspects of long-range planning for the Alliance.

Our progress in meeting NATO defense requirements over the past decade has been substantial. The task has been not merely to offset Communist manpower and material. It has also involved the creation, for the first time in history, of a coalition of sovereign countries, whose political and military policies have been so harmonized as to constitute a real deterrent to Communist armed attack. Without such unity in the Atlantic Community, the politico-military position of a monolithic Communist system would have created an overwhelming superiority. That is why the Soviets persistently seek to weaken and divide the Alliance. That is why it is so important that we approach the military tasks of the sixties, as we have discharged those of the fifties, in a spirit of common effort and common purpose.

The U.S. welcomes and is prepared fully to participate in the study being undertaken by the Standing Group at the direction of the Military Committee with respect to long-range military planning. We will be particularly interested in the results of the initial studies of the Von

Karman Committee³ to provide the Standing Group with an estimate of scientific advances, through and beyond 1970, upon which such long-range military planning can be based. Such a truly long range forecast may prove most enlightening and useful. We must also cope of course with certain immediate tasks that have long range implications.

First, there is the need to maintain an effective NATO nuclear capability in the Alliance.

Second, there is the urgent and equally important need to meet other Shield requirements.

I shall take up the nuclear field first. There are three principal areas for consideration here, as General Norstad indicated in his speech to the NATO Parliamentarians.⁴

First, there is NATO's mid-range ballistic missile requirement.

My Government offers the following concept for consideration by the Alliance as a means of meeting this requirement. We suggest that the Alliance consider creation of a special kind of force to operate this weapons system. As we conceive it, such a force would be truly multilateral, with multilateral ownership, financing and control, and would include mixed manning to the extent considered operationally feasible by SACEUR.

A suitable formula to govern decision on use would have to be developed to maximize the effectiveness of this force as a deterrent and to establish its multilateral character.

Let me say a word about the reasoning underlying this concept, which seems to us a logical extension and development of the consideration which NATO has been giving to this whole ballistic missile question since 1957.

We believe that creation of additional national nuclear weapons capabilities would have a marked divisive effect on the Alliance. It would mean duplication of effort and diversion of resources and tend to stimulate competition within the Alliance in the nuclear weapons field.

We believe, therefore, that the multilateral concept offers the best means of providing a collective basis for the common defense in the MRBM field. Its fulfillment would have immense political significance for the cohesion of the Alliance. My Government believes that this concept offers a rational approach to the problem of the MRBM power of

³ Reference is to Dr. Theodore von Karman, chairman of the Advisory Group for Aeronautical Research and Development, NATO. The classified studies of his group on scientific advances are in the U.S. Army Military History Institute, Classified Documents.

⁴ In a speech to the annual conference of NATO Parliamentarians in Paris on November 21, General Norstad gave the outline of U.S. proposals for the establishment of NATO as the "fourth nuclear power."

the Alliance and, if successfully fulfilled, might offer a precedent for further moves in this field.

We do not discount the many difficulties involved in creating such a force. The legal, technical, financial, and political problems would need to be carefully considered and jointly resolved by the Alliance. Participation by the United States in a multilateral force would of course require Congressional action, and we assume that parliamentary action would also be required in other NATO countries. But NATO has had successful experience with multilateral approaches, e.g., in our infrastructure programs and our NATO military headquarters. If the other members of NATO should wish to pursue this approach, we would be prepared to explore it with them and believe that the task would be well within the bounds of the possible.

As an initial step, and to meet SACEUR's MRBM requirements for 1963, my Government offers to commit to NATO before the end of 1963—as an interim MRBM force—five Polaris submarines [*less than 1 line of source text not declassified*]. During this interim phase, these submarines would operate in accordance with existing procedures. This step would not only greatly enhance NATO's military capabilities; it would also reaffirm the continuing U.S. commitment to Europe's defense by the fact that this newest component of U.S. nuclear striking power will be available as part of that defense. In taking this step, we would expect that other members of NATO would be prepared to contribute approximately 100 missiles to meet SACEUR's MRBM requirements through 1964, under the multilateral concept which I have already indicated. The U.S. would be prepared to facilitate NATO procurement by sale of Polaris missiles and of the necessary equipment and vehicles for deployment in such a multilateral force. It would seem desirable that this force be deployed at sea. Our concept contemplates that the five U.S. Polaris submarines would be a contribution to the multilateral force upon its establishment and that there would be made available under U.S. custody nuclear warheads for the Polaris missiles.

Decisions on NATO MRBM requirements beyond 1964 and how such requirements should be met should be considered subsequently, taking into account the prospect for new weapons and conclusions reached in the process of NATO long-term planning.

The *second* point which General Norstad referred to was what he termed the "extremely interesting thought" of a NATO strategic force.

I would merely point out here that the nature of MRBMs gives them a character somewhat different from the delivery systems they are designed to replace. It would seem that SACEUR should plan the targeting for the MRBM force in coordination with the other retaliatory forces of the Alliance, in order to gain the greatest deterrence for the Alliance as a whole. While those MRBMs are required as modernization of the tacti-

cal strike capability, the line between "tactical" and "strategic" capabilities in the nuclear field is becoming ever more blurred.

The *third* point is the question of broader sharing in the control of nuclear weapons. Creation of a multilateral NATO MRBM force would of course represent a major step in this direction. It appears that there may be a desire for further assurance that the U.S. will continue to make its nuclear weapons, including those for other systems, available for use by other NATO powers when needed to carry out their Alliance obligations. There should be no doubt on this score. It is the firm policy of the United States to keep in the NATO area, under U.S. custody, nuclear weapons contributed by the U.S. to the Stockpile for the execution of approved NATO plans.

Our suggestion for consideration of a multilateral NATO MRBM force does not preclude exploration of the concept of increasing the authority of the Alliance over the atomic stockpile as a whole. As the Council considers a multilateral force, its examination of that possibility will bring into sharper focus the question of increasing Alliance authority over the Atomic Stockpile.

I turn now to the *second* of the long-range military tasks that we face: the strengthening of other Shield forces.

It is equally urgent that NATO fulfill its established requirements for its other Shield forces as well as for its MRBMs. In case of an attack, NATO forces should be able to meet the situation with a response appropriate to the nature of the attack. In speaking to the NATO Parliamentarians, General Norstad said that "our forces must have a substantial conventional capability," that they should be "made up of army, navy and air force elements of suitable types and equipped with a balance of conventional and nuclear weapons," and that "the threshold at which nuclear weapons are introduced into the battle should be a high one." Unless all NATO Shield goals are substantially achieved, NATO Military Commanders will not have that flexibility of response that will enable them to meet any situation with the appropriate response.

Whether or not the Soviets carry out their announced force cuts, they will maintain large and ready ground, as well as air and missile, forces which will continue to pose a grave threat to the forward areas of NATO. Soviet progress in ballistic missiles may increasingly encourage them to believe mistakenly that they can threaten the forces of NATO without serious danger of general war. Thus, failure to achieve adequate NATO Shield forces in the near future will place our Alliance in growing peril of general war by Soviet miscalculation.

Let us be under no illusion that by deploying MRBMs we can afford to skimp on the equally important task of building up other Shield

forces. The addition of MRBMs to the forces of NATO would not, in any way, substitute for other contributions to the Shield, except that in the case of NATO tactical air squadrons, it is our understanding that the meeting of MRBM requirements should permit some reduction.

We believe that most of the other members of the Alliance now have ample economic and military potential to provide more fully for NATO defense. I can speak frankly here since my Government, in spite of having to carry tremendous financial and technical burdens in other areas vital to Alliance defense, is substantially meeting its MC-70 requirements.

I urge that each of your governments consider, in the course of our long-range planning what increased contribution it can make to this goal, not only in amount, but also in quality, with all that this involves in the way of training, supporting facilities, supplies and reserves.

These then are the two overriding military needs that I believe we must address in the course of long-range planning: the MRBMs and other nuclear weapons needs, and the necessity to meet our other Shield requirements. Action to meet both these needs should be planned and concerted closely as related elements of our long-range military program for the decade ahead.

That program will only be effective if it is mounted by an alliance that is united on basic political—as well as military—issues. The basic purpose of our armed forces is to maintain the security of the NATO area, but these forces will only be effective to the extent that agreement regarding political issues creates the will and determination to use force if and when necessary. Effective consultation and coordination on basic political issues is thus a vital element in the Alliance deterrent.

I would like now to turn briefly to the international payments situation, which has an importance beyond the financial field. For the third successive year, 1960 has been characterized by a large deficit in the international payments of the United States and further large accumulations in gold and dollar resources by a number of other countries. We are closing a three-year period in which the United States has paid out over \$10 billion more than it has received, and nearly half of this has taken the form of an outflow of gold. To a very substantial part, the U.S. deficit finds its reflection in the strong surplus position of Western European nations.

Though there have been considerable changes during the course of the past year, the deficit in the U.S. balance of payments for the year as a whole is likely to be close to the \$3.8 billion deficit of the preceding year.

I think you will all agree with me that this situation cannot long continue and that you will view in this light the measures which my

government has taken to protect the U.S. dollar which has come to play such a central role in the international payments structure.

The very large gold movements and the growing deficit in our overall payments during the second half of this year have led the United States Government to take more vigorous action in recent months. These measures were taken because we reached the conclusion they were needed to provide early and direct benefit to our balance of payments and to make clear at the same time our determination to maintain the position of the U.S. currency.

The President accordingly issued a directive on November 16, which we believe will contribute significantly toward a basic improvement in the international payments structure.⁵ We have also initiated bilateral discussions on measures affecting the balance of payments situation.

Just as our national elections do not affect our profound national commitment to NATO, as I have already indicated, neither do the measures we are taking to correct the imbalance in our payments situation.

We know that this alliance is vital to the security of the United States, no less than to that of the other NATO Allies. We will continue to contribute our fair share to the constructive and defensive tasks that it has assumed.

However, we believe that due account must be taken of certain factors in determining the U.S. share of that effort.

First, despite the strength of the U.S. economy, we must keep in mind the heavy burden which the U.S. bears in providing strategic forces for the defense of NATO and the free world, in mounting costly military space and weapons development programs, and in conducting aid programs of great importance to the free world.

Second, account must be taken of the changed economic relationship between the United States and Europe. In the early years of the Atlantic Community, the European economy was greatly weakened in the aftermath of war. Today, Europe has not only recovered but is surpassing its pre-war economic strength.

Third, there is the large and continuing deficit in the U.S. balance of payments, and at the same time there are continuing European surpluses, leading to an imbalance in the world payment position. I do not think I need to point out to the group assembled here that a sound U.S. balance of payments and a strong dollar are essential to the free world.

⁵ The President issued his directive on the balance-of-payments problem on November 16.

These factors will not induce the U.S. to shirk its fair share of the hard struggle that we are waging for peace.

We wish to continue to make a maximum contribution to Free World security, but, as indicated in our Annual Review submission,⁶ we are increasingly concerned with how to allocate our resources in the best manner. As was stated in that submission, some further changes in U.S. force deployments may become advisable as studies of overall U.S. programs progress. In fact, some redeployment may become a necessity unless our balance of payments can be brought into a more reasonable equilibrium.⁷ As the President recently stated, "I think we should never want to reduce our forces so far that people would think we had abandoned the area, or we had lowered our Flag in that area. Not at all. But I do think that the time is coming when all of us will have to study very carefully what should be our proper portion of the load."⁸ In reaching decisions about the U.S. contribution to the military and non-military tasks of the Atlantic Community, we look to our Allies to undertake a greater share of the common effort.

In the non-military area of long-range planning, the intimate, frank discussions amongst our Permanent Representatives on this subject have been most valuable. They have pointed the way to the type of consultation, within the bosom of the family, that builds the trust, confidence and understanding upon which true unity within the Alliance can be based.

For the United States, I reiterate our pledge to continue to support the maximum possible development of consultation in the political field within NATO on important international issues, regardless of geographic area.

In the economic field, a major contribution to the unity of the West and to the strengthening of the Free World with particular emphasis upon the less-developed countries, has occurred in the establishment of the OECD. The U.S. intends to help make the OECD a strong organiza-

⁶ Not found, but it is summarized in the country chapter on the United States in the Report on the 1960 Annual Review (C-M(60)103, Part II), in Department of State, Conference Files: Lot 64 D 559, CF 1807.

⁷ In a message to the President, transmitted in Cahto 1, December 13, Herter said he had just met with Secretary Anderson, Burgess, Generals Norstad and Lemnitzer, Ambassadors Houghton and Dowling, Dillon, and Irwin, and they agreed on the insertion of this sentence after considerable discussion. (*Ibid.*, Central Files, 396.1-PA/12-1360) A copy of the message bears the President's initials. (Eisenhower Library, Whitman File, Dulles-Herter Series) The President approved the text of the sentence in a message transmitted in Tocah 6, December 14. (Department of State, Central Files, 396.1-PA/12-1460) The President and Herter also discussed this issue on the telephone. A memorandum of their conversation is in Eisenhower Library, Herter Papers, Telephone Conversations.

⁸ The quotation is from President Eisenhower's news conference on November 16; see *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1960-61*, p. 865.

tion in order to assure that it will be an effective instrument in achieving the economic goals of the Atlantic Community.

For the next decade, we shall have to cope not only with Communist military capabilities, but with a political and economic offensive on their part directed against us and against all other free nations of the world. Communist dogma has forced upon the democracies a struggle by means short of war—a struggle for freedom.

The NATO countries must find the ways to defend our freedoms and to help other countries who need our help to defend their freedom. We will need all our resources—political, economic, psychological—in order to prevail.

277. Telegram From the Delegation at the North Atlantic Council Ministerial Meeting to the Department of State

Paris, December 17, 1960, 1 a.m.

Polto 871. From USDel. NATO Ministerial Meeting—December 16 (afternoon Agenda Item two (long-range planning) taken up in late afternoon and Secy Herter led off with overall statement (see separate tel and full text being pouched).¹

Secy was followed by British, French, Canadian, Italian, German, Dutch, Turkish, Danish, Belgian, Norwegian, and Greek FonMins, all of whom welcomed Secy's "proposals" in military field and promised to study them carefully. Most Ministers expressed particular satisfaction at U.S. offer to commit five Polaris submarines to NATO and at stockpile pledge. All emphasized or referred to complexity in multilateral MRBM force concept. Several also acknowledged importance of balance of payments problem.

Lord Home said UK feels time has come for comprehensive study of purposes, control and deployment of NATO nuclear arms with object giving deterrent maximum effectiveness without waste of resources. Study should include questions of permanent MRBM force and of increasing NATO authority over stockpile in ACE. Should be comprehensive and fundamental and include examination of basic purposes and objectives of NATO military policy and best methods of attaining them. Lord Home observed that balance of payments problem equally difficult for UK, that stability of pound sterling also essential to free world,

Source: Department of State, Central Files, 396.1-PA/12-1760. Secret. Repeated to the NATO capitals and Moscow.

¹See Document 276.

and that relation of currency to defense should be considered in long-range planning.

Couve de Murville expressed great interest in U.S. presentation but pointed to many problems involved in MRBM force concept, he welcomed commitment of submarines and stockpile pledge. Said proposal must be studied carefully on basis of more precise information which will presumably be provided in due course. Also took special note of U.S. emphasis on relation of military costs and balance of payments, and said French fully appreciated importance and implications this problem.

Green emphasized need for study of use-control question. Made strong plea that Council communiqué treat this discussion in low key and make clear that suggestions merely put forward for study and not decision. Communiqué should also include statement of willingness negotiate disarmament while maintaining defensive strength of Alliance.

Secretary responded to Green by making clear that his presentation on MRBM force had been carefully worded to represent only concept for consideration. Said U.S. had never thought decisions should or could be made at this meeting. Referred to his acknowledgment that congressional action would be required to implement concept and said he could not commit U.S. Congress in advance.

Segni made positive statement re MRBM's, but stressed importance of financial aspects.

Brentano said MRBM proposal would be big step forward.

Welcomed submarines and stockpile pledge as strengthening NATO and emphasized importance of common NATO policy on nuclear weapons. Said matter should be studied in conjunction with military authorities.

Luns welcomed U.S. military proposals and stressed importance, in view Soviet nuclear advances, of continued strengthening all NATO forces and also equipping them with most advanced weapons. Without committing his govt, he assured most careful consideration. Said lead must continue to come from U.S. and hoped new U.S. administration would follow through.

Sarper expressed particular satisfaction at Secretary's statement that MRBM's should not substitute for other NATO force contributions.

Averoff emphasized urgent need for provision further details by U.S. and that MRBM program should not reduce conventional forces which are still deficient.

At conclusion discussion, Spaak found that consensus was for referral of matter to Permanent Council, with understanding that concept presented by U.S. would be promptly explored.

CANADA

PRESIDENT EISENHOWER'S VISIT TO OTTAWA JULY 8-11, 1958; MEETINGS OF ECONOMIC AND MILITARY BILATERAL GROUPS; USE OF THE ST. LAWRENCE SEAWAY; PRIME MINISTER Diefenbaker's VISIT TO WASHINGTON JUNE 3, 1960

278. Memorandum of Conversation

April 14, 1958.

SUBJECT

Civilian Control of North American Air Defense and Joint Ministerial Meetings on Defense Matters

PARTICIPANTS

Sidney Smith, Secretary for External Affairs, Canada¹
Ambassador Robertson, Canadian Embassy
Jules Leger, Permanent Under Secretary of State for Foreign Affairs
The Secretary
Frederick Jandrey, Deputy Assistant Secretary, EUR
Marselis C. Parsons, Jr., Director, BNA

In the course of meeting with the Secretary at which several subjects were discussed, the Canadian Secretary of External Affairs said that he was very much interested in the conclusion of a governmental agreement to provide for the civilian control of North American air defense and that he hoped that the U.S. would be able to give a favorable answer to the proposals made in writing by the Canadian Government a few weeks ago² in order that a statement of agreement might be made when Parliament reconvened on May 8. He pointed out that there was no intention of the Canadian Government to table any of the military

Source: Department of State, Central Files, 742.59/4-1458. Secret. Drafted by Parsons.

¹ Smith was in Washington for the Canadian Consular Conference. Memoranda of his discussions with Secretary Dulles on North Africa, Law of the Sea, and nuclear tests are *ibid.*, Secretary's Memoranda of Conversation: Lot 64 D 199.

² On March 21, Ambassador Robertson discussed U.S.-Canadian defense matters with Elbrick and left a seven-point informal note outlining certain Canadian proposals concerning a joint Ministerial Committee on continental defense. A memorandum of the conversation and a copy of the note are *ibid.*, Central Files, 742.5/3-2158.

arrangements in connection with NORAD. He observed that the Conservative Party had been under heavy attack from the Liberals during the election campaign regarding the manner in which the NORAD agreement had been put through last August.

The Secretary informed Mr. Smith that the Department had sent the draft agreement to the Department of Defense and would urge the Pentagon to expedite its comments on the Canadian proposal.

Mr. Smith continued by referring to a Canadian proposal to establish machinery for periodic ministerial consultation concerning continental defense and said that this was a matter on which his government felt it must satisfy public opinion. In this connection he referred to the public interest in alerts, the carriage of nuclear weapons over Canadian territory, etc. He proposed that consultations be held between the respective Secretaries of Foreign Affairs and National Defense once a year.

The Secretary replied that this proposal was agreeable to the State Department but would of course, require the concurrence of the Secretary of Defense.³

³ On May 1, Robertson discussed the joint Ministerial Committee and the NORAD agreement with Under Secretary Murphy, who stated that the Department of State was awaiting Defense Department reaction to the former and hoped to conclude the latter by an exchange of notes on May 12. (Memorandum of conversation, May 1; *ibid.*, 742.5/5-158) For the notes exchanged on May 12 at Washington establishing NORAD, see Department of State *Bulletin*, June 9, 1958, pp. 979-980.

279. Editorial Note

On April 21, Ambassador Merchant reported that Prime Minister Diefenbaker was considering inviting President Eisenhower to visit Canada in late June. (Telegram 793 from Ottawa; Department of State, Central Files, 711.11-EI/4-2158) Two days later, the President telephoned the Prime Minister and extended an invitation to visit Washington July 8-10, but Diefenbaker insisted and the President agreed to a 3-day trip to Ottawa July 8-11. (Memorandum of conversation, April 23; *ibid.*, Secretary's Memoranda of Conversation: Lot 64 D 199)

President Eisenhower, accompanied by Secretary of State Dulles, arrived at Ottawa at 11 a.m. on July 8, where they were met by Prime Minister Diefenbaker, Governor General Massey, Ambassador Merchant, and others. At 4 p.m., the first official meeting was held at the Prime Minister's residence.

On July 9, the President addressed a joint session of Parliament at 10 a.m. and then met with the Prime Minister and members of his Cabinet. Following a luncheon, Secretary Dulles met from 3 to 5 p.m. with Minister of External Affairs Smith.

On July 10, the President and Secretary Dulles met with the Prime Minister and Secretary for External Affairs at 10:15 a.m. Following a luncheon, Secretary Dulles continued his meeting with Smith.

President Eisenhower and Secretary Dulles left Ottawa at 10:15 a.m. on July 11, stopped briefly at Massena, New York, to see the Eisenhower Lock of the St. Lawrence Seaway, and arrived back in Washington at 2:30 p.m.

Department of State, Conference Files: Lot 63 D 123, CF 1037–1048 contain the most extensive collection of documentation on the President's trip, including position papers, chronologies, daily schedules, orders of the day, memoranda of conversation, press briefings, and telegrams to and from the U.S. Delegation. Less extensive documentation, covering the conversation during the visit and some of the preparations, is *ibid.*, Secretary's Memoranda of Conversation: Lot 64 D 199, and the Eisenhower Library, White House Office Files.

For Prime Minister Diefenbaker's account of the visit, see *One Canada*, pages 152–156; for his report to the House of Commons on July 11 concerning his conversations with the President, see *Canada, Debates*, volume 102, pages 2139–2142.

280. Memorandum From Secretary of State Dulles to President Eisenhower

July 3, 1958.

SUBJECT

Your Visit to Ottawa, July 8–11, 1958

I conceive the general purpose of your visit to Ottawa to be the improvement of our relations with Canada under its Conservative Government. We seek to establish the same mutual confidence and close working relationship with the new government that we enjoyed

Source: Department of State, Central Files, 711.11–EI/7–358. Confidential. Drafted by Green and Parsons and approved by Dillon. This memorandum repeats the substance of telegram 1041 from Ottawa, June 30, in which Merchant outlined the purpose, background, and issues involved in the President's trip, as he saw them. (*Ibid.*, 711.11–EI/6–3058)

with the Liberal Government for 22 years. The attainment of that relationship is, however, somewhat impeded by the existence of vocal, widespread criticism of the United States and its policies. In large part this criticism owes its origin to Canadian nationalism. It has been further nourished by the election campaign as well as by the current recession in Canada.¹ A major manifestation of this has been a tendency to assert Canada's independence of the United States. Some members of the government have been prone to play upon the emotional response that such assertions evoke and to try to make the United States the whipping boy for many of Canada's ills. It will be important during your visit to convey to members of the government a sense of the importance of interdependence among independent nations, and of maintaining harmony and unity among allies confronted with a common danger.

We would like to persuade the Canadians that (a) United States policies are reasonable; (b) far from taking Canada for granted, the United States prizes its intimate relationship; and (c) the United States recognizes that problems exist in our relations and is determined to find constructive solutions on the basis of mutual give and take. In general I think frankness should be the key note, with a forceful presentation of the United States case wherever our policies are imperfectly understood.

The text of your speech to Parliament sets a good perspective for the public aspects of your visit.² Your private talks with the Canadian Ministers could emphasize the common global responsibilities of Canada and the United States. They would be interested in a broad-brush treatment of the United States appraisal of Soviet trends, with particular reference to disarmament, and the possibility of a Summit meeting.

It will be well to be wary of tendencies on the part of some of the Ministers to go into specifics and even become contentious. As you note in your speech there is a multiplicity of established mechanisms through which the two Governments can give their problems the full attention they require. Also, I shall have opportunities for separate meetings with the Minister of External Affairs, Mr. Smith.

I am enclosing a memorandum that suggests ways to handle specific subjects which, within the foregoing context, are likely to be discussed.

John Foster Dulles³

¹ The Canadian elections had been held on March 31.

² For text of President Eisenhower's address to a joint session of Parliament on July 9, see *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1958*, pp. 529-537.

³ Printed from a copy that bears this stamped signature.

[Enclosure]⁴SPECIFIC TOPICS FOR DISCUSSION BY
THE PRESIDENT AT OTTAWA1. *Continental Defense*

Our relationship with Canada in cooperative efforts to improve the defense of the North American Continent has been most fruitful and is of an especially intimate character. Consultation is maintained through a number of joint committees of which the best known is the Permanent Joint Board on Defense. We would like to have the Conservative Government's assurance that this relationship will continue. We have been pleased to note recently that the Canadian Parliament has ratified the establishment of the North American Air Defense Command (NORAD) under General Partridge and Air Marshal Slemon. We view this Command as part of the NATO concept.

2. *Atomic Energy Cooperation*

Cooperation between Canada and the United States in the peaceful uses of atomic energy has been closer than with any other country. The Canadians will be interested to know that under our amended Atomic Energy Act, agreements for greater cooperation in non-weapons military applications, e.g., power reactors for propulsion and other purposes, will be possible.

3. *Development of the Columbia River Basin*

We should call the attention of the Prime Minister to the rising concern among people of the Pacific northwest states over General McNaughton's public statements reflecting his interest in the possible future diversion of Columbia River waters into the Fraser. We hope that the Canadian Government shares, and will continue to share, our belief that the Columbia Basin should be jointly developed on a cooperative and equitable basis to obtain maximum benefits for both countries.

4. *Meeting of Joint Cabinet Committee on Economic and Trade Affairs*

We have suggested to the Canadians that the next annual meeting be in Ottawa on August 4. Although my trip to Brazil will prevent my attending, Mr. Dillon will be able to represent the State Department, and

⁴Confidential. Prepared in the Department of State. Secretary Dulles discussed this paper with the President on July 7. They agreed that the visit should not be the occasion for any specific agreements between the two countries, that no definite dates should be established for items 4 and 7, that the United States should make concessions on item 8, and that items 11 and 12 were appropriate for discussion. (Memorandum of conversation, July 7; Eisenhower Library, Dulles Papers)

the other Cabinet officers concerned on our side will be available. The Canadians may prefer a date later in the Fall. We should try to get them to accept an August date, in order to provide an early forum for detailed discussion of matters which would otherwise take too much of the time of your visit. Moreover, we consider it important to have such a meeting prior to the Commonwealth Economic Conference opening in Montreal September 15, so as to forestall any action at that Conference directed against the United States.

5. *Specific Economic Problems*

As regards individual problems such as our wheat disposal programs under PL 480,⁵ the restriction of oil imports and the tariff on lead and zinc, I would suggest that you should avoid being drawn out further than the statements contained in your speech. The valid objections of the Canadians to our wheat disposal effort centered on the operation of our barter programs. This program was drastically revised and curtailed over a year ago and since then Canadian experts admit that our wheat disposal program is no obstacle to Canada. This is borne out by this year's Canadian wheat export figures. Virtually all other questions can be deferred until the Joint Cabinet Committee can discuss them.

6. *Opening of St. Lawrence Seaway*

You may wish to indicate to the Prime Minister your expectation of participating in an international ceremony marking the official opening of the St. Lawrence Seaway. Tentative plans call for the ceremony to be held on Cornwall Island (Canadian territory) on June 23, 1959.

7. *Visit of Prime Minister Diefenbaker*

I recall that a few months ago when you suggested to Prime Minister Diefenbaker that he visit Washington, he urged you to come to Canada instead and you agreed. In this context you might tell him, without mentioning any date, that you hope your next meeting with him will be in Washington.

8. *Trade with Communist China*

While Canada does not recognize the Communist Chinese Government and maintains controls over trade with that country, it does permit trade in non-strategic commodities. There has been recent criticism in Canada that the United States' China trade policy operates to prevent U.S.-owned Canadian companies from selling merchandise, particularly automobiles, to Communist China. To meet this problem we are prepared to propose during your visit a modification in the Treasury

⁵ The Agricultural Trade Development and Assistance Act of 1954; enacted July 10, and since extended and amended to provide for disposal of agricultural surpluses. (68 Stat. 454)

Department's licensing practices governing the operations of American subsidiaries established in Canada. While we should not publish the details of our proposal, the Canadian Government will want to be in a position to indicate that some accommodation has been reached on this score. This will result in pressures for similar treatment for United States subsidiaries in Japan, Indonesia and elsewhere and might also lead to similar pressures from some U.S. domestic interests. We assume in this connection that the Canadian Government will not recognize Communist China and will continue to support the moratorium formula in the United Nations.

9. *Concessions to Canadians in COCOM*

We hope to obtain Canadian support for the continued embargo of nickel and cobalt if the U.S. agrees to a removal of copper from the multilateral embargo list. In this connection it can be noted that, of the 7 metals items which Canada wishes to delete from embargo (iron and steel scrap, molybdenum, aluminum, copper, cobalt and nickel) the U.S. in the COCOM negotiations has already made significant concessions on the first three.

10. *Arctic Inspection Zone*

Prime Minister Diefenbaker has not yet replied to a letter from Khrushchev dated May 30, in which the Soviet leader took sharp exception to Diefenbaker's earlier disapproval of the Soviet attitude regarding the U.S. proposal in the UN for an Arctic inspection zone. We have agreed, at the Canadian request, to postpone the transmission of your reply to Khrushchev's letter to you of May 9 until after your visit to Ottawa. Now there is the new Khrushchev letter to you, received July 2. This subject should be discussed.⁶

11. *NATO Food Bank*

Prime Minister Diefenbaker has referred on several occasions recently to the desirability of setting up "something in the nature of a food bank whereby there will be available under NATO direction food for distribution among those countries that today stand in danger of being overrun by the Soviets by economic means". In view of the generalized nature of his suggestions we are not clear whether the Prime Minister is suggesting jointly controlled stockpiles or individual national stockpiles. The Canadian proposals are now properly before the NATO Food and Agricultural Committee for further study.

⁶ A copy of Khrushchev's letter is in Department of State, Presidential Correspondence: Lot 66 D 204. For text of the U.N. resolution, the Soviet notes of May 9 and July 2, and the U.S. reply of July 31, see Department of State *Bulletin*, May 19, 1958, p. 820; *ibid.*, June 9, 1958, pp. 940-942; and *ibid.*, August 18, 1958, pp. 278-281.

12. *Other International Questions*

In developing the theme of the interdependence of independent nations, it would be useful to refer to Canada's recent effective participation in the solution of major international problems, for example: their contribution of forces to the United Nations command in Korea; their participation in the International Control Commission in the Indo-China States; and their participation in the United Nations Emergency Force in the Middle East. We hope to encourage the Conservative Government to continue playing this kind of effective role in international affairs. The Canadians may also be interested in learning our thinking on Lebanon and on problems faced by De Gaulle in Algeria and Tunisia. These and other wide-ranging international questions whose bilateral aspects are of interest to the Canadians might most appropriately be discussed in detail by me when I meet with the Minister of External Affairs, Mr. Smith.

13. *Communiqué*

For our purposes, a communiqué or joint statement following your visit is not necessary. Your meeting with the Prime Minister is to be of the same informal nature as Prime Minister Macmillan's recent visit with you. A communiqué would impair this aspect of informality, and it is preferable to avoid focusing public attention on specific matters, since the problem troubling the Canadians cannot be wholly resolved at this time. However, it is probable that the Canadians will press us for either a communiqué or joint statement. If they do, I believe that, rather than let the matter become a major issue, we could agree to generalized language emphasizing mutual cordiality and cooperation.

281. Memorandum of Conversation

PVC/MC-1

Ottawa, July 8, 1958, 4 p.m.

PRESIDENT'S VISIT TO CANADA

Ottawa, Ontario, Canada, July 8-11, 1958

PARTICIPANTS

United States

The President

The Secretary

Ambassador Merchant

Canada

The Prime Minister

The Secretary of State for External
Affairs (Sidney Smith)

The Canadian Ambassador to
Washington (Norman Robertson)

SUBJECT

- 1) Review of world situation
- 2) Proposal for joint Parliamentary-Congressional Committee
- 3) NORAD
- 4) Proposal for joint Cabinet Defense Committee
- 5) Atomic energy matters

The Prime Minister met the President at the front door and after a few pictures escorted him into the residence.

After a warm greeting the Prime Minister suggested that the President might wish to discuss the general world situation.

The President circled the world covering the Middle East situation and the obvious intent of the Soviets to make trouble in that area. He pointed out that they were not doing it, in his judgment, for reasons of strategic position or trade but primarily to destroy the position of the West and in particular to deprive Western Europe of Middle East oil on which it was dependent. He then went on to discuss with frankness the situation in Lebanon and the possible applicability of the Middle East Resolution. In response to a question from the Prime Minister he said that superficially in recent days the situation seemed quieter but it had to be watched constantly. The support of the Baghdad Pact powers for Lebanon announced today is a new factor. He then described the situation in France with particular respect to General DeGaulle.

From the questions of the Prime Minister on this subject there seemed to be no divergence in the estimate of the situation in France and North Africa.

Then the President referred to the situation in Latin America and the tendency in those countries to personalize economic tribulations. There was some discussion of coffee and the entrance of low cost African producers. The President explained what we were doing in an effort to ameliorate the situation in regard to this commodity but in reply to a question from the Prime Minister said that we were not in a position to make Government purchases of coffee.

Finally the President discussed briefly the matter of disarmament with particular reference to the slightly increased possibility, in light of the last Soviet note,¹ of making progress on an Arctic inspection zone.

The Prime Minister then raised the question of the advantages in an informal, joint Parliamentary-Congressional Committee, describing his thought in the same terms he had used in the House the day before.²

The President and the Secretary explained the Constitutional aspects in the United States of the conduct of foreign affairs and also explained that it was not possible for the Executive to commit the Congress.

The President said, however, that he thought Parliamentary exchanges and associations for the purpose of discussion were useful and that he would support the general idea but that naturally it was for the Congress and the Canadian Parliament to work out.

The Prime Minister made clear that he had not intended with his proposal to trespass on any Constitutional boundaries and seemed satisfied to leave his proposal in the rather vague status of the conclusion of the discussion.

The Prime Minister then brought up the question of NORAD. He referred with emphasis to the difficulty he had encountered in carrying through the House the NORAD Agreement. He said there was a widespread fear in Canada that they were sacrificing sovereignty by turning their squadrons over to an American General and during his discourse gave some evidence of overlooking the entirely defensive mission of NORAD. He also made the surprising statement at one point that, "NORAD would have gone down the drain in Parliament" had he not had behind him so substantial a majority. The Prime Minister then suggested that in order to assure the people that NORAD and our other defense arrangements were firmly under civilian control there should be established a joint Cabinet defense committee. He suggested for its membership: The Secretary of State for External Affairs, Sidney Smith; the Secretary of State, Mr. Dulles; the Minister of Defence, Mr. Pearkes;

¹ For text of the Soviet note of July 2, see Department of State *Bulletin*, August 18, 1958, pp. 279-281.

² July 7.

Mr. McElroy, Secretary of Defense; Minister of Finance, Fleming; Secretary of the Treasury, Anderson; and Mr. O'Hurley, Minister of Defence Production for Canada.

The President indicated that he agreed completely with the principle of civilian control; that he felt the problem was to assure that there should be no particular delaying NORAD's reaction time. In view of its purely defensive character, he was inclined to think the two defense ministers were in fact civilians who should keep in touch with each other and report to their respective Cabinets.

The Prime Minister referred again to his proposal for a larger Cabinet committee.

The President insisted that it should not be over-formalized; for example, he would be opposed to it having a secretariat or staff. He pointed out that the Secretary of State was our busiest Cabinet member and could not tie up his time in meetings alone.

The Secretary then raised the question of the suitability of having the Defense Production Minister a committee member.

The Prime Minister backed down on this.

The President suggested there would be no objection, however, to the Production Minister sitting in on meetings as an observer.

It was then informally agreed that an effort should be made to work out simple terms of reference for the six-minister joint committee.

The President then suggested that it might be possible to translate NORAD into a NATO command. This followed a description by the Prime Minister of his difficulties on this point in the House and the complication introduced by Spaak's press conference on the matter.³

The Prime Minister seemed interested but did not press the point.

Sidney Smith then indicated that the purview of the committee should not be confined to NORAD but should extend over such matters as atomic weapons stockpile questions and SAC refueling bases.

The Prime Minister then raised the question of atomic weapons and the transfer of classified information to Canada. He did so in a rather confused fashion. He asked where Canada comes in under the recent amendment of the McMahon Act⁴ and asked in effect if it would not be possible for Canada to have the same sort of agreement with the United States as the United Kingdom now is obtaining.

The President and the Secretary explained at some length the content and the implications of the legislation. They pointed out that the new law liberalized our ability to communicate information on every-

³ Not further identified.

⁴ The Atomic Energy Act of 1946, August 1. (60 Stat. 755)

thing except weapon design, the communication of such information being confined to allies which had made substantial progress in this field. To date, only the United Kingdom qualified.

The Secretary then spoke at some length on the subject of his conversations with DeGaulle on this matter.⁵

It was pointed out that arrangements could be worked out for a stockpile of atomic weapons in Canada available for instant use in the event of an attack, and along the general lines of the NATO stockpile in Europe.

Mr. Smith at this point injected a query as to whether or not the United Kingdom had a veto. The purpose of his question was not clear and not elaborated; in consequence it was not answered.

The President indicated that this question of a stockpile might be the sort of matter which the projected joint cabinet [on] defense might consider. The President also commented that weapons production was pretty expensive, and the Secretary pointed out the motivation of the recent amendment as being the desire to avoid complication in the problem of a disarmament agreement by not contributing to the increase in the number of nations with an atomic capability.

⁵ Secretary Dulles visited Paris July 5; see Part 2, Documents 33 ff.

282. Memorandum of Conversation

PVC/MC-2

Ottawa, July 8, 1958, 4 p.m.

PRESIDENT'S VISIT TO CANADA

Ottawa, Ontario, Canada, July 8-11, 1958

[Here follows the same list of participants as Document 281.]

SUBJECT

- 1) Communist China
 - a) Recognition
 - b) Trade by US Subsidiaries
- 2) Lead and zinc
- 3) Strategic metals—COCOM
- 4) Stockpiling program

Source: Eisenhower Library, Whitman File, International File. Secret. Prepared by Merchant. See also Document 281. The meeting was held at the Prime Minister's residence.

Section II—Prime Minister's Conversation with the President

The Prime Minister then raised the question of China. He said that, as we knew, Canada did not recognize Communist China and that he contemplated no change although the Government was under very considerable pressure in this matter. The President interjected that if Canada recognized China it would "wreck" us, and he added it would probably also wreck the United Nations. He urged strongly that Canada maintain its policy of non-recognition and its support of the moratorium in the United Nations.

The Prime Minister then went on to the question of exports to China and raised the matter of the Ford car order which had been blocked. The President indicated both familiarity and sympathy in this matter. He pointed out the difficulties which faced us, among which he mentioned the problem which would be created domestically in the United States if foreign subsidiaries of U.S. companies could trade with China whereas domestic companies with no foreign subsidiaries were barred from such trade. The Prime Minister indicated his understanding of this aspect of the problem which apparently he had not considered before. There ensued some further discussion of the matter with both the Secretary and Sidney Smith entering into discussion. At one point Mr. Smith suggested that a "cut-off" date be applied to U.S. companies owned by U.S. corporations with respect to the matter of China trade. The apparent thought behind this was to prevent U.S. parent companies from benefiting in future from any relaxation of trade with Communist China via foreign subsidiaries through the formation of subsidiaries after some established date. There was a little desultory discussion on this point but it was not seriously considered.

The Prime Minister then raised the question of lead and zinc from the point of view of United States import restrictions and other metals including aluminum, nickel, and cobalt from the point of view of COCOM prohibitions on trade with China and the Soviet bloc. The discussion of these two items became intermingled.

During the course of the discussion in which the two Secretaries of State participated, the President pointed out that lead and zinc for us was not only a domestic problem but a matter of concern in relation to other friendly countries such as Mexico. Also during this phase of the talk both the President and Secretary emphasized the extreme importance we attach to the continued restrictions in COCOM on cobalt and nickel. The Prime Minister seemed unaware of the fact that COCOM discussion had been under way and did not realize that the result would be a reduction in the number of strategic items.

The discussion then swung around again to the problem posed by the Ford case. The President indicated an understanding of Canadian concern and said that he was sure some *modus vivendi* could be

worked out. He suggested that Secretary Dulles and Mr. Smith discuss this in more detail and report back with some proposal. He re-emphasized the importance of avoiding any solution which would have the effect of weakening our own policy with respect to Communist China. The Prime Minister expressed appreciation for the attitude expressed.

There was then some discussion on the extent to which the Soviet Union was in surplus on some of the materials which had been talked about. Reference was made to dumping in Western countries of aluminum and other materials.

The President then inquired of the Prime Minister if Canada had a stockpile program. The Prime Minister said he thought not and Ambassador Robertson confirmed this point. There was then some discussion of the U.S. stockpiling program including a reference to the fact that nickel was suffering from the fact that U.S. government stockpile purchases had ceased. The President then expounded at some length on the desirability of having dispersed stockpiles of key raw material as a protection if we should be atomically attacked. He pointed out that, even if the war were successful and over in a few hours, there would be great need for such material in order to rebuild essential plant and transportation facilities. He indicated that he thought Canada might well consider such a policy since under the circumstances envisioned we would not be able to move even to Canada materials which we had thus stored.

By this time it was 5:30, but before the meeting broke up the Secretary brought up the question of the challenge of the Soviet economic offensive to the free world, illustrating the advantages the Soviet possessed in competing with a private enterprise system. There was some extended discussion on this point and general consensus that this was a matter which would require the closest and most tolerant collaboration between the members of the free world. The meeting ended at about 5:40 P.M.¹

¹ At 6:05 p.m., Hagerty and Nelson briefed the press on the first formal meeting between the President and the Prime Minister. A transcript of this press conference is in Department of State, Conference Files: Lot 63 D 123, CF 1046. At 8 p.m., the President, Secretary Dulles, and Ambassador Merchant and their wives attended a dinner given by Governor General Massey. A brief memorandum of President Eisenhower's dinner conversation with the Prime Minister concerning the differences between the Canadian and U.S. systems of government is *ibid.*

283. Memorandum of Conversation

PVC/MC-3

Ottawa, July 9, 1958, 11 a.m.

PRESIDENT'S VISIT TO CANADA

Ottawa, Ontario, Canada, July 8–11, 1958

PARTICIPANTS

United States

The President

The Secretary

Ambassador Merchant

Canada

Cabinet Members (See list at end)¹

Prime Minister Diefenbaker

SUBJECT

- 1) US-Canadian Relations
- 2) Premier Iron Ore tax case
- 3) Review of World Position

Mr. Diefenbaker opened the meeting by welcoming the President, referring in warm terms to his frank speech to the House and asking him if he had any general thoughts which he would like to express to the Cabinet.

The President launched into a moving appeal for the development of an even closer relationship between our two governments. He emphasized the importance of discussing problems informally before they reached an acute stage. While recognizing a need for certain formalized bodies such as the Joint Defense Board, he emphasized the importance he attached to informality of exchanges. He then said that he recognized problems existed between us and in his speech he had only taken examples. He went into at some length the question of the Ford export of cars to China, concluding by saying he was sure it was within the imagination of Mr. Dulles and Mr. Smith to find a satisfactory solution to this matter.

The Prime Minister then said that he would ask Mr. Nowlan² to raise a matter. Mr. Nowlan then spoke at some length on the Premier Iron Ore tax case.³ He said that he had been told by Washington that the

Source: Eisenhower Library, Whitman File, International File. Secret. Prepared by Merchant. The meeting was held at the Parliament Building.

¹ Not printed. Fifteen members of the Cabinet attended.

² George C. Nowlan, Canadian Minister of National Revenue.

³ In 1957, the U.S. Tax Court had dismissed a claim for \$2.5 million by the Internal Revenue Service against Consolidated Premier Iron Ores, Ltd. In a subsequent appeal, the claim was allowed by a another Tax Court in Cleveland. By July 1958, it was under consideration by the Circuit Court of Appeals in Ohio.

case would not be appealed and now he understood it was. He asked if the appeal could not be stopped.

The President and the Secretary expressed complete ignorance of the matter. The President said that he would call the Attorney General or the Secretary of the Treasury (later in the meeting he requested the Secretary to make this call today on his behalf) to ascertain the status of this case.⁴

The Prime Minister then introduced the Secretary with a warm welcome and asked him if he would speak on the general world situation. The Secretary spoke at length on the character of the peril confronting the free world, the position of leadership into which, contrary to all its history and desires, the United States had been thrown; and the difficulties of holding together a coalition except under conditions of a fighting war. He praised the President's leadership in the free world effort and asked the understanding and support of Canada. The Secretary then described briefly his talks with DeGaulle as illustrative of some of the problems which are entailed in holding the coalition together. He echoed the President's hope that there would be frequent and informal consultation between Canadian and American Cabinet members on particular problems of concern to them.

The meeting closed with the Prime Minister thanking the President and the Secretary for their contribution.

⁴ Memoranda of two conversations between Secretary Dulles and the Attorney General during the afternoon of July 9 concerning this tax case are in Eisenhower Library, Dulles Papers, General Telephone Conversations.

284. Memorandum of Conversation

PVC/MC-5

Ottawa, July 9, 1958, 3-5 p.m.

PRESIDENT'S VISIT TO CANADA

Ottawa, Ontario, Canada

PARTICIPANTS

United States

The Secretary of State
The Honorable Livingston T.
Merchant, Ambassador to
Canada
The Honorable Tyler Thompson,
Minister, Embassy, Ottawa
Mr. Joseph N. Greene, Jr., Special
Assistant to the Secretary
Mr. Willis C. Armstrong, Counselor
for Economic Affairs, Ottawa

Canada

The Honorable Sidney E. Smith,
Secretary of State for External
Affairs
The Honorable Donald M. Fleming,
Minister of Finance
The Honorable Gordon Churchill,
Minister of Trade and
Commerce
The Honorable Douglas S.
Harkness, Minister of Agriculture
Mr. John English, Deputy Minister
of Trade and Commerce
Mr. A. F. W. Plumptre, Assistant
Deputy Minister, Department of
Finance
Mr. L. W. Pearsall, Director of
Marketing Service, Department of
Agriculture
Mr. Douglas V. Lapan, Assistant
Under-secretary, Department of
External Affairs
The Honorable Norman A.
Robertson, Ambassador to
Washington

SUBJECT

Economic Problems: a. COCOM, b. Meeting of Joint Cabinet Economic Committee
c. Commonwealth Conference, d. Commodity Stabilization, e. Increased
Resources for Bank and Fund, f. Soviet Economic Offensive, g. World Food
Bank and NATO Stockpiling, h. Restrictions on Travel of Immigrants, i. Trade
Agreement Legislation, j. Metals (lead, zinc, copper, aluminum and nickel),
k. Oil, l. Trade of United States Subsidiaries with China, m. Cattle,
n. Western Drought and Canadian Need for Feed

Mr. Smith invited the Secretary to raise first such problems as the
United States wished to discuss; he said he had heard we might wish to

Source: Eisenhower Library, Whitman File, International File. Secret. The meeting
was held in the Minister of Agriculture's Office at the House of Commons.

talk about restrictions on the travel of immigrants. The Secretary replied that he did not come prepared to discuss economic issues in detail but that it would be useful to have an informal exchange of views. He first wished to express appreciation for the repeal of the magazine tax; this removed a point of irritation between the two governments. Second he wished to touch on developments in connection with COCOM. He observed that COCOM has now gone through the embargo list in detail and has eliminated many items, leaving a fair number in dispute, but nevertheless liberalizing considerably. He noted that Under Secretary Dillon, who is handling this and other economic problems for the Secretary, had asked the Secretary to stress to the Canadians the importance which the United States attaches to continued embargo on nickel and cobalt. Copper, the Secretary added, is not equally important.

The Secretary next turned to the question of a date for a meeting of the Joint Cabinet Economic Committee. Mr. Fleming commented that all four Canadian members were now present. The Secretary suggested August 4, observing that he would not be available but that Mr. Dillon would be, and that the other Cabinet Ministers would also. Mr. Fleming explained that the House would be still sitting at that time, and that Mr. Harkness would not be available that week; perhaps a later date could be arranged. He asked when the current session of Congress would be over. The Secretary replied that he thought that all important legislation would have been handled by August 4 and that the session would probably end in mid-August. Mr. Fleming observed that a later date would be better, and said that Canada was busy preparing for the Commonwealth Economic Conference, which opens September 15. The Secretary said there had been some thought in the United States Government that a Cabinet Committee meeting might usefully take place before the Commonwealth Conference, but this was not by any means imperative. Mr. Fleming asked if the United States had anything urgent to bring up before that meeting, and the Secretary said no, but expressed interest in knowing about the Commonwealth Conference.

Mr. Fleming urged that there be no thought in Washington that the Commonwealth Conference was directed in any way against the United States; indeed the opposite was true. The Conference is expected to last two weeks, and to include representatives from all Commonwealth countries, including selected Ministers from British colonies. There have already been two conferences of officials, in February and in June. The Conference is intended to cover trade, finance and economic development. It is obvious that the Conference cannot be like the Conference of 1932, as the world is now very different. No one is proposing any new Commonwealth trade preferences, but it is proposed to maintain the present system of preferences. Everyone is concerned about the removal of barriers of many forms, and Canada is particularly interested in

removing barriers against exports from hard currency countries, in which its interest is identical with that of the United States. A number of the Commonwealth countries have underdeveloped economies and Canada itself is still a heavy net importer of capital, but it will have to think about helping to develop the economies of underdeveloped areas. Again the interests of the United States and Canada are identical, and find expression, for example, in the Colombo Plan.¹ There has been talk of special Commonwealth institutions, such as a bank. It is not realistic or sensible to consider a Commonwealth bank or new financial institution, but there may be efforts to develop a Commonwealth institutional center for technical training. However, the United States should rest assured that there will be no suggestion for financial institutions which would cut across the IMF or the IBRD. There would be nothing to duplicate or overlap existing institutions, to which Canada gives its full support. Canada as a matter of fact is interested in the expansion of the resources of the Bank and Fund and would like to discuss the matter now with the United States.

Mr. Fleming indicated that the problem of general stability for primary commodities would loom large in the discussions at the Commonwealth Conference. In particular, there would be attention given to the possibility of commodity agreements, and Canada was hopeful that the occasion might be used to persuade the United Kingdom to rejoin the Wheat Agreement.² A number of the Commonwealth countries depend heavily upon primary commodity sales for their foreign exchange earnings.

Mr. Fleming closed his comments on the Commonwealth Conference by indicating that nothing would develop there which would prevent or hinder the expansion of trade. He said the Conference is not and never has been directed at the United States and that most of the instances of economic problems of an international nature are of such a character that constructive action concerning them is impossible without support and leadership from Washington. Mr. Churchill commented that if the Conference succeeds, it will expand trade.

The Secretary commented that the United States is not sensitive about Canadian discussions in the Commonwealth concerning economic matters. He said trade is not finite, and can always be expanded. The more trade there is, the more there is apt to be. Thus, the United States feels no concern at all regarding the Commonwealth Conference.

¹ The Colombo Plan was begun in 1950 as a Commonwealth Plan for economic development in South and Southeast Asia.

² Reference is to the 1956 International Wheat Agreement, which prolonged the arrangements with respect to the sale and purchase of wheat that had been agreed in 1949 and renewed in 1953.

The United States would like to see sterling more solidly on its feet, for the simple reason that if it slips, we have to help. Any trade or other development which strengthens sterling is good. We should not exclude the possibility of new institutions. We are, for example, trying to expand and improve the Development Loan Fund, for instances where the Export-Import Bank and the IBRD do not work. Otherwise, underdeveloped countries are apt to see the challenge of development under Communism and, in the absence of identifiable progress under free institutions, are apt to be attracted to the Communist route. In general, the proliferation of financial institutions is not a good thing, and jealousy between institutions such as the IBRD and the Export-Import Bank can sometimes occur. In recent times, there have been suggestions for regional financial institutions such as those proposed for the Middle East, Latin America and the Far East. These institutions are not in general promising, because they are limited to regions.

The Secretary said that the United States believes it will be necessary to add to the resources of the Fund and the Bank within the next twelve months. Mr. Fleming asked whether anything could be expected from the United States on this subject before the Commonwealth Conference, which will probably be discussing the possibility. The Secretary said it was unlikely that the United States would make any announcement before the adjournment of Congress. The Congress has not yet completed action on major administration measures such as the Mutual Security appropriations. Mr. Fleming asked whether the United States would support the idea of a committee to be appointed at the New Delhi meeting in October,³ and the Secretary said a committee might take too long. He said the United States was seeking to have a position on this matter by the time of the New Delhi meeting.

The Secretary then went on to comment on the subject of stabilizing markets for primary products. He said we now look with less disfavor on this sort of thing than in the past. Formerly, we had a restrictive policy but now we have relaxed somewhat and, for example, are participating in a conference on coffee, which is very important to the Latin American countries, but unfortunately the African producers did not come to the conference. He said we are afraid that Soviet policy might prevail unless there is more stability for primary commodities. The barter methods of the Soviet Union helped countries in this way by providing a relatively stable market for raw materials with a drawing account for manufactured goods from the Soviet Union. The United States feels that the Soviet Union cannot do this too widely at present, but that it

³ The International Monetary Fund and the International Bank for Reconstruction and Development were scheduled to hold their 13th annual meeting at New Delhi October 6-10.

would keep on repressing its own people so as to have more resources available for foreign economic activity. He thought that most countries in the free world prefer a free enterprise system, and are willing to take some risks for it, but not the risks of a violent swing in prices of primary commodities. He thought that any economic dislocation would be seized upon by the Soviet Union, which is now engaged on occasion in dumping cotton, and in selling tin and aluminum. Mr. Harkness asked if the Secretary thought this deliberate on the part of the Soviet Union, and the Secretary replied that he did not think we could yet say that it is. He referred to a study made by the International Nickel Company some years ago in regard to Soviet sales of platinum,⁴ and said that it had been impossible to conclude that Soviet action was deliberately designed to injure other countries.

The Secretary said that we are setting up exercises of our own in economic warfare, and that an important confidential study is now going on. He said we do like stability but not artificially high prices. He thought stability came from reasonable balance of supply and demand and he noted that in many cases the producers of primary products are abysmally ignorant of marketing conditions. He thought that study groups and conferences are useful in this connection.

Mr. Harkness asked the Secretary what he thought of the idea of a World Food Bank and NATO stockpiling. The Secretary said that the United States had given very careful attention to this subject and had thought it good in principle but had noted the prohibitive cost. The United States had offered grain to other countries for stockpiling on condition that the other countries would pay the freight and storage. The Secretary also commented that conditions surrounding such stocks would have to be carefully devised to prevent the stocks from having an unfortunate impact on commercial markets. This might be particularly true in some of the less developed countries. In general, the Secretary said the United States was hesitant about any substantial efforts to sustain prices through government buying, because this got things too far removed from the law of supply and demand. He noted that primary producers who must make their own way in international marketing are likely to have a healthier understanding of foreign trade than producers who simply sell to their own government.

On invitation from Mr. Smith, the Secretary then referred to the restrictions placed upon the travel of immigrants to Canada through the United States. He suggested that this subject might cause considerable trouble in the future and urged that the Canadian Cabinet have another look at it. Mr. Bryce commented that there was an administrative prob-

⁴ Not further identified.

lem. The Secretary and the Ambassador noted that the administrative problem appeared to the United States to be soluble by other means, and the Ambassador particularly observed that the chief processing centers for immigrants are now Montreal and Toronto, which would appear capable of handling immigrants whether they came direct or via the United States. The Secretary and the Ambassador noted that the matter was important in terms of aviation routes, and that we would probably be receiving suggestions from airlines for retaliatory action against Canada. Mr. Fleming asked what the United States' rule was, and the Secretary explained that the United States did not have any requirement comparable with that now laid down by Canada. He also noted that many people who are in the United States on a temporary basis are likely to come to Canada if they wish to become immigrants into the United States. Mr. Bryce commented that there was some Canadian reluctance in times of unemployment for there was no way in which Canada could be assured that these people would obtain immigrant visas for entry into the United States.⁵

Mr. Fleming then asked for comments from the Secretary regarding the Trade Agreements Act renewal, stating that developments had been very promising indeed from the Canadian standpoint. He also wanted to know what the United States would do under the bill when enacted. The Secretary said that the outlook was not as good in the Senate as it had been in the House and that the Senate Finance Committee would probably not report out as good a bill, or one that would last as long. He said the Senate was in general wide open, in terms of debate, and that the bill could be amended substantially by action on the floor, in contrast to the situation in the House where the rules limit debate very sharply. He hoped that the strong House vote, and the possibility of amendment on the floor, would produce good results when the bill went to conference. His final estimate was that we would have an acceptable bill. With respect to the question as to what the United States would do under the Trade Agreements Act, the Secretary referred to the impending tariff negotiations with the Common Market as a major reason for the bill in its present form.

Mr. Fleming then said he would like to have the Secretary's views on the Lead-Zinc situation. Canada was pleased that no step had been taken to increase tariffs and appreciated the efforts of the Administration in holding protectionist forces in check. He was required to observe, however, that subsidies could also hurt Canadian interests. The Secre-

⁵ In a brief conversation with Dulles at the airport on July 11, Smith stated that he would pursue the question of the new Canadian travel restrictions with the Department of Immigration. (Memorandum of conversation, July 11; Department of State, Conference Files: Lot 63 D 123, CF 1049)

tary said that we were fully aware of this possibility and that we did not like subsidies very much, but that we had to do something under the circumstances. He said we were trying to keep the amount down, to help smaller companies, and to avoid damages to Canada and Mexico. Unhappily, Congress is amending the original proposal. Canada has a powerful advocate in the Executive and the result will probably be something better than the tariff increase recommended by the Tariff Commission or than special legislation.

Mr. Fleming asked about copper and the Secretary explained that the copper excise tax had automatically gone back into effect because the United States Government could not assert there was a shortage of copper. The United States had decided upon a stockpiling program which would be temporary and which had accounted for the recent strengthening of the copper market.

Mr. Fleming then referred to a proposal introduced in the Congress for increasing the duty on aluminum by four cents a pound. He realized that this was not an Administration measure and he hoped that the Administration would bear Canada's interests in mind in this connection. With respect to nickel, Mr. Fleming said that production had been cut back, and that there was Canadian concern over the extent of the United States' commitment to buy Cuban nickel. The Secretary said that we had been trying to get out of the Nicaro Project in Cuba but that it was easier to get into these things than to get out, especially in view of the recent unsettled conditions in Cuba which make it difficult to find a buyer for the property. He thought that the basic problem was to get the consumer industry into the mood to use more nickel after years of thinking that nickel was in short supply.

Mr. Fleming then turned to the subject of oil and outlined the apprehensions of Canadians concerning United States restrictions on imports into District V. He said he had talked to Secretary Anderson about this in Paris last December⁶ and that Canada had made its views known on many occasions. He said further that he realized that the quotas had not been fully subscribed but he needed to emphasize the importance which Canada attached to development of oil on a continental basis. In Canada, there is pressure for a Montreal pipeline, which would be very upsetting for the United States and for Venezuela. He was concerned over the danger that the United States' position of restriction might harden. Mr. Harkness was asked to comment on the feeling regarding oil in the oil producing part of Canada, which is his home. Mr. Harkness said that more than any other one thing, oil restrictions have caused ill feeling toward the United States in Canada. The Secretary said that he

⁶ No record of this conversation has been found in Department of State files.

recognized that this is the fact, but that he is forced to observe that this ought not to be the fact. He said that effort had originally been made to avoid restrictions on Canadian oil by exempting District V. He said that the United States had sought to establish a principle of sharing cuts and increases as between domestic and foreign suppliers. The decline in tanker rates and the availability of cheap Middle East and Indonesian oil had affected Canadian oil adversely, as they had the oil of the United States. He said that his judgment was that Canada ought to be grateful to the United States for the efforts made to preserve an equitable Canadian share in the United States market. He also thought it should be acknowledged that the heart of the problem was the decline in the market for oil, which affects both United States and Canadian producers; it is not United States import restrictions.

Mr. Fleming said that it was hoped to touch on several agricultural subjects, and Mr. Smith noted the need to discuss trade with China. Both observed that not much time remained. The Secretary said he thought this showed that there ought to be a Cabinet Committee meeting on August 4, in order that he could have some help. On the question of China trade he commented that we can consider issuance of licenses to permit United States subsidiaries in Canada to ship goods to China where the transaction was important in its effect on the Canadian economy, and where there was no purely Canadian organization available to take the order. The automotive industry was a case in point. The Secretary added that he did not wish to open the matter wider than he had to. Communist China has only a limited amount of funds available for foreign purchases, and no increase in China's trade has occurred since the two lists were equated. If we open the door too wide for subsidiaries we may have to open the door for parents. He asked that the Canadians not press the matter, but assured them that if they have a real case they will get responsive action from the United States. The Secretary read a formulation which he thought could be used for the basis of an announcement, to read as follows: "The Canadian and United States Governments have given consideration to situations where the export policies and laws of the two countries may not be in complete harmony. It has been agreed that in these cases there will be full consultation between the two Governments with a view to finding through licensing procedures satisfactory solutions to concrete problems as they arise." After discussion the word "licensing" was replaced by "appropriate". Mr. Smith and Mr. Churchill expressed their appreciation for the United States offer, and observed further that a good many of the proposed transactions had not in fact been bona fide. The Secretary said that he thought a number of these suggestions had been made to make trouble and that the development of a system of accommodation to general Canadian interests would mean that the offers might disappear. He com-

pared the situation with what happened on newspaper correspondents, where, after the United States finally decided to give passports, the Chinese would not give visas.

Mr. Churchill then asked about wheat disposal and referred to the damage which had been caused for Canada by extensive barter operations. He expressed appreciation for the change in procedure, and wondered where barter stood in new legislation. The Secretary said that barter had been taken out of the bill in the Senate, but had recently crept back in, in the House version. He said the matter is being held up for another week to see what can be done. He hoped that the Administration would succeed in keeping the mandatory barter provision out of the bill extending PL 480.

Mr. Harkness and Mr. Churchill then referred to the importance of the United States market for Canadian cattle. He wondered whether there was a danger of restrictive action on the part of the United States. In response it was indicated that escape clause action was highly unlikely, and that a recent check with Washington did not indicate promising prospects for special restrictive legislation. The Ambassador touched on the importance of reciprocity in agricultural treatment, indicating that Canadian action on fruits and vegetables might weaken the general support which farm organizations in the United States have given to reciprocal trade. The final topic was the interest of Canada in possibly obtaining hay from United States Soil Bank land for relief of Canadian cattle raisers afflicted by drought. The response was that this was probably not possible, but would be looked into again.

285. Memorandum of Conversation

PVC/MC-12

Ottawa, July 10, 1958, 10:20 a.m.

PRESIDENT'S VISIT TO CANADA
Ottawa, Ontario, Canada, July 8-11, 1958

PARTICIPANTS

United States

The President

The Secretary

Ambassador Merchant

Canada

The Prime Minister

Mr. Sidney Smith

External Affairs Under Secretary

Jules Leger

SUBJECTS

1. China
 - a) Trade
 - b) Recognition
2. Joint Cabinet Defense Committee
3. Columbia River
4. ALCAN Highway Paving

The Prime Minister opened the meeting by referring to the universal Canadian press interpretation of the President's speech¹ as meaning that the United States did not intend to amend its tariff and trade policies to meet Canada's problems. He said also that certain sentences in the President's speech were going to be taken out of context by the opposition. He said that he himself did not share the view generally expressed by the press and thought the speech frank and friendly.

At this point Mr. Smith said that whereas he had not discussed the matter in recent days with the Prime Minister, he would like to reopen the question of Communist China both in terms of trade and recognition. He said that he considered the President's address admirable and brilliant but that he did feel the press interpretation placed on it as described by the Prime Minister was going to increase pressure in Canada to turn to China as a market for their exports in the absence of an opening up of the US market. He went on to say that many Canadians felt diplomatic recognition essential preliminary to a favorable trade opportunity. Moreover that during his own election campaign he had been queried at almost every meeting as to Canada's policy toward Communist China. Both the President and the Secretary reacted with vigor to this presentation, detailing the US position.

Source: Eisenhower Library, Whitman File, International File. Secret. Prepared by Merchant. The meeting was held at the Prime Minister's Office in the Parliament Building.

¹ Prior to the meeting on the morning of July 9 (see Document 283), President Eisenhower laid a wreath at the Canadian War Memorial and addressed a joint session of the Canadian Parliament. For text of his address, see *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1958*, pp. 529-537.

The Prime Minister had not supported Mr. Smith up to this point. He then said he would like to revert to the Ford export case. He asked if the granting of a license would require Congressional action and if the consultation between the two governments on the Ford case for example would require weeks. The Secretary said that whereas each case would have to be considered in consultation on its own merits, he felt sure that in a case like the Ford export matter a US Treasury license could be issued in twenty-four hours or forty-eight hours. The Prime Minister expressed surprise and gratification. He then asked if some other word than license could be used. The Secretary explained the trading with the enemy act and the fact that the word license was legally correct. He said however that what it amounted to was granting an exception and that we and the Canadians could use that term. Again the Prime Minister indicated pleasure.

The discussion then swung back to the general question of recognition and the Prime Minister explained that the matter was under re-examination and that in fact the strong position he had taken on non-recognition in the House last November had brought him under heavy attack during the last election campaign. The President noted that it was his understanding that the Prime Minister had won 208 out of 265 seats in the election. The Prime Minister then called for *Hansard* and read in extenso his November speech on this subject.² The President and the Secretary applauded the position he had taken at that time and the reasons he had adduced. The President described frankly the consequences which he felt would flow from diplomatic recognition of Peking by Canada and the damage that he felt would be thereby done to United States-Canadian relations. (Following the meeting the Secretary remarked that it would be well for the Department to prepare a reasoned résumé of its position on recognition in the form of an aide-mémoire or note to the Canadian Government.) The discussion then turned to the question of the proposed joint cabinet defense committee and with one or two minor changes the draft submitted by us was approved. (It was subsequently issued to the press.)³

² Diefenbaker spoke before the House of Commons on November 1, 1957.

³ In telegram 34 from Ottawa, July 7, Merchant cabled the text of a draft Canadian proposal for a joint ministerial defense committee. (Department of State, Conference Files: Lot 63 D 123, CF 1043) The following day, the Department replied that the joint committee was politically useful in view of the Canadian interest. (Tosec 3 to Ottawa; *ibid.*) The U.S. Delegation prepared its own draft of the agreement (*ibid.*, CF 1048), which is the one under reference here. For text of the statement on the joint defense committee as released to the press following this meeting, see Department of State *Bulletin*, August 4, 1958, pp. 208–209. The texts of the notes formally establishing the Canadian-U.S. Committee on Joint Defense, exchanged at Ottawa August 29 and September 2, 1958, are in Department of State, Central Files, 742.5/9–458, and *American Foreign Policy: Current Documents*, 1958, pp. 471–473.

The President then raised the question of the development of the water resources of the Columbia River Basin. He said that he felt the time had come for the Prime Minister and himself to tell their people concerned with the problem that a solution should be promptly agreed. He said this had dragged on far too long and he assured the Prime Minister that the United States was prepared to make reasonable concessions in the interest of reasonable agreement. He mentioned that General McNaughton in his public advocacy of diversion had seemed to reduce the chances of acceptable agreement being reached. He reminded the Prime Minister again of the length of time which had elapsed since this problem had first come under study and urged that both of them take action to move negotiations to a mutually satisfactory conclusion.

The Prime Minister then opened his briefing book and read part of his brief including a statement that no governmental decision had been reached on the diversion matter. He went on to say that he could assure the President that General McNaughton had not been authorized to speak for the government. As a matter of fact he said that he had not even talked to him since he had come into office. He said however that he would call him in and impress upon him the need of a prompt agreement.

The President then raised the question of the Neuburger bill on the paving of the ALCAN Highway.⁴ He indicated that he thought the general purpose of a sharing of cost on improving the road had merit but that while he had not seen the text of the bill itself he understood that it contained certain detailed conditions and criteria which the Canadians might find unacceptable.

Surprisingly the Prime Minister and Sidney Smith then reverted to the question of recognition of Communist China and were met by the repetition of our views. They appeared to gain a clearer insight into the cogency of our reasons and the depth of conviction on which our policy is based.

The meeting ended at about 11:40.

⁴On July 2, Senator Neuburger and five other Senators had introduced a bill appropriating \$11 million for resurfacing and improving the ALCAN Highway, subject to a similar Canadian appropriation.

286. Memorandum of Conversation

PVC/MC-9

Ottawa, July 10, 1958, 1 p.m.

PRESIDENT'S VISIT TO CANADA

Ottawa, Ontario, Canada, July 8–11, 1958

PARTICIPANTS

United States

The Secretary of State
The Hon. Tyler Thompson
Mr. Joseph N. Greene, Jr.

Canada

Secretary of State for External
Affairs Sidney Smith
Under-Secretary of State for
External Affairs Jules Leger
The Hon. Norman Robertson

SUBJECTS

1. Geneva Talks
2. Lebanon
3. OAS
4. NATO
5. Cyprus
6. Summit

1. *Geneva Talks*

The Secretary described to Mr. Smith the Aide-Mémoire which Gromyko had given Ambassador Thompson on July 9.¹ He went on to say that he thought the Soviets were laying the ground work for breakup of the conference on political grounds, in case they find that the experts are unable to agree on what is required to supervise a cessation of testing. The Secretary thought that if a wide gap developed between the Western and Communist sides on this point, the Soviets would not want a breakup on that account but would force one on political grounds. They would probably find some assistance in this respect from the French position on a cessation of testing. This led to a general discussion of de Gaulle's position, the Secretary noting that the people around him seemed diffident of expressing any views differing from his.

2. *Lebanon*

The Secretary said that this problem had struck him as particularly noticeable in the question of Lebanon and that he had made it a point to express to General de Gaulle his concern that if there had to be Western intervention there, which we still hope to avoid, it would be most unde-

Source: Eisenhower Library, Whitman File, International File. Confidential. Prepared by Greene. The meeting was held at the Rideau Club.

¹ For text of this aide-mémoire, see Department of State *Bulletin*, August 11, 1958, pp. 236–237.

sirable for France to participate, because of the ancillary issues this would raise in the Middle East and North Africa. General de Gaulle had, however, been firm in his view that France would have to participate.

The Secretary then elaborated on the disadvantages of both intervention and non intervention in Lebanon, not only in terms of Lebanon itself but in terms of the effect on the governments of neighboring countries and indeed on the governments of countries surrounding the eastern Mediterranean. He noted that he had said to Foreign Minister Malik that it is the duty of statesmanship to try to achieve solutions of problems without recourse to military means; and explained that in the United States' view we must assure that, while independent states must feel they can rely on our coming to their assistance with force if this is required to maintain their independence, we must at the same time encourage them to seek political solutions to political problems. This is the course we are now following in Lebanon.

During the discussion the Secretary also expressed the thought that it might be better if Lebanon could be recognized and accepted by the international community as being under some sort of UN protection. This would be designed to get Lebanon out of the pulling and hauling between the East and West. In response to Ambassador Robertson's inquiry he said he had discussed this thought with Secretary General Hammarskjöld and thought that Hammarskjöld agreed. The Secretary also emphasized that he was speaking quite informally and without benefit of the considered views of his Department; accordingly he asked that his thoughts be taken in this light and Mr. Smith assured him that they would be.

The Secretary said that he thought Hammarskjöld has some influence with Nasser and has used it effectively to persuade Nasser to cut off support of the rebels in Lebanon.

Mr. Smith said that the British had told him of an Arab Union idea that, possibly as an alternative to Arab Union intervention, Lebanon might enter into an alliance with the Union; it was also noted that the idea had been advanced that Lebanon might join the Baghdad Pact. During the ensuing discussion the Secretary expressed negative views on both these ideas and Mr. Smith said he would take a negative line with the Lebanese Ambassador if the matter came up when he saw the Ambassador later in the afternoon.

3. OAS

Mr. Smith and Mr. Leger described approaches they had had from first the Colombians and then the Brazilians about various possibilities for an Inter-American Foreign Ministers Meeting and asked the Secretary for his views. The Secretary described briefly the origins of the Colombian proposal and said that the United States would not in any event

attend a meeting of Inter-American Foreign Ministers, the purpose of which was to organize a caucus for subjects coming up in the United Nations General Assembly. He said that during his visit to Brazil in August² he expected to discuss the matter further with the Brazilians, and also the possibility of an Inter-American Heads of Government Meeting; he thought the picture might become a little clearer at that time. There was inconclusive discussion of the possible timing of such a meeting and the thought was expressed that it might take place in New York during the General Assembly.

The Canadians evinced some interest in the possibility of their having somewhat closer association with the OAS, perhaps as observers on the several committees and even at the headquarters in Washington. The Secretary noted that we have a somewhat similar relationship with the Baghdad Pact although we actually are members of its committees.

4. *NATO*

Mr. Smith asked whether the Secretary had any impression of how de Gaulle would deal with the problems of Tunisia and Morocco and this led directly to discussion of the problem of Bizerte and whether it could somehow be covered with the NATO mantle. The Secretary outlined the history of the genesis of NATO and said he thought that it would be increasingly difficult to hold NATO together if NATO were any further extended beyond its present membership to include nations having different political and cultural backgrounds and institutions. In this connection he referred to General de Gaulle's idea on extending NATO to cover at least a large part of Africa.

Later in the conversation, Mr. Smith brought up the problem of countering the Soviet economic offensive and wondered whether this might be something NATO could deal with. The Secretary thought not.

5. *Cyprus*

In answer to Mr. Smith's question the Secretary said he thought the Cyprus issue could become a really severe strain on NATO. He expressed the thought that Averoff had gone to see Tito and Nasser at Brioni as a sort of warning to Greece's friends that if they did not do right by Greece, Greece would find friends elsewhere.³

6. *Summit*

In answer to Mr. Smith's inquiry about the prospects of having a Summit meeting, the Secretary said that he thought the Soviets' motive last winter had been to rush the West into such a meeting which would largely have the effect of endorsing the Soviets' position in Eastern

² Dulles visited Brazil August 3–7.

³ Nasser visited Yugoslavia July 2–10; he was joined by Greek Foreign Minister Averoff July 8–9.

Europe. Since, during the ensuing months, it has become apparent that this Soviet objective is unlikely of accomplishment, the Secretary thought that their zeal for a Summit had lessened considerably. While it was not to be excluded that there might be a Summit meeting, he thought it less than likely.

287. Memorandum of Conversation

PVC/MC-7a

Ottawa, July 10, 1958, 3 p.m.

PRESIDENT'S VISIT TO CANADA

Ottawa, Ontario, Canada, July 8-11, 1958

PARTICIPANTS

United States

The Secretary
Tyler Thompson, Minister, Embassy
Joseph N. Greene, Jr.

Canada

The Secretary of State for External
Affairs Sidney Smith
The Minister of National Defence
George Pearkes
The Minister of Defence Production
J. Raymond O'Hurley
The Chairman of the Chiefs of Staff
Committee General Charles
Foulkes
The Chief of the Air Staff, Air
Marshall Hugh L. Campbell
The Undersecretary of State for
External Affairs Jules Leger
The Deputy Minister of Defence
Production D. A. Golden
Assistant Undersecretary of State
for External Affairs D. V. LePan
The Clerk of the Privy Council,
Robert Bryce
The Canadian Ambassador to
Washington Norman Robertson
David Lundy, Department of
Defence Production

Source: Eisenhower Library, Staff Secretary Records, DDE Canada Memcons. Confidential. Prepared by Thompson. PVC/MC-7 and PVC/MC-7a are identical except for the list of participants. The meeting was held at the Department of External Affairs.

SUBJECT

Canadian-United States Defense Problems

Mr. Smith opened the meeting with a few introductory remarks.

Mr. Pearkes spoke on the major defense problems facing Canada and followed closely the attached Aide-Mémoire¹ prepared for his use. The highlights of his statement follow.

He stated that the problem of developing a defense against missiles while at the same time completing and rounding out defense measures against manned bombers posed a serious problem for Canada from the point of view of expense. He emphasized the need for a wider application of cost sharing arrangements with the United States for projects located in Canada for the defense of the North American continent. He also stressed that these heavy additional defense burdens were placed on Canada because of its geographic position. Canada cannot afford to develop further complicated weapons and weapons systems for use in Canada only. He stressed that joint Canadian-United States development and production were essential as was participation by Canadian industry. Mr. Pearkes' summary was: "The number of projects of joint interest to both countries for defense of North America include the CF105, SAGE, Radar Improvement, Bomarc and Ballistic Missile Defense. Two mutual problems are involved: (1) cost sharing, (2) sharing of development and production tasks. It is recommended that joint Ministerial consideration be given to these problem areas with a view to arriving at solutions which will make the most effective utilization of the combined resources of the two countries."

The Secretary thanked the Minister of National Defence for the great cooperation of Canada in the defense field which he characterized as unique. He stated that the United States has the same problems with respect to mounting costs as Canada and noted that a plane which formerly cost a hundred thousand dollars now might cost as much as fifteen million dollars. He added that this very problem had been raised at a recent NATO meeting but was not aware that much progress had been made in reaching a solution.

The Secretary referred to the fact that the Minister of National Defence had been invited by Secretary of Defense McElroy to talk with him in Washington. He expressed the hope that Mr. Pearkes could accept. He emphasized that the essential solution to this problem before everyone goes bankrupt had to be found in the field of limitation of armaments.

¹ Not printed. This five-page document reviewed Canadian defense preparations and budgetary needs. The conclusion of the aide-mémoire is quoted in the following paragraph of the memorandum.

The Secretary mentioned that the free world has three times the industrial base of the Soviet bloc but that the latter cut down this advantage through imposed austerity which our peoples would not accept in a cold war, although they would in a fighting war.

He stated that a system of inspection of northern areas against surprise attack would be a great step forward. He considered the latest Soviet note² as a possible advance but noted that the Soviets had stopped talking about the Arctic Zone. The Secretary considered that a system of inspection against surprise attack was the real solution to the disarmament impasse. He had hoped that the proposal made by the United States to the Security Council³ could have been accepted and was disappointed that it was not. Every possibility, no matter how unpromising, which would serve to relieve the growing problem of armaments must be pursued.

Mr. Pearkes stated that it would not be possible to drop present defense efforts before effective substitutes were worked out.

The Secretary stated that both Canada and the United States must fully explore all possibilities of reducing unit costs and promised to bring to the attention of the Department of Defense the points raised by Mr. Pearkes. He again expressed the hope that Mr. Pearkes would accept Secretary McElroy's invitation to Washington. He also proposed that the new Canada-United States Committee on Joint Defense might look into those parts of the problem which were appropriate for its consideration. He concluded by assuring the meeting that high level consideration would be given by the United States Government to the problems raised by Mr. Pearkes.

Mr. O'Hurley stated that it was important to know what future there was for installations and projects now in operation or under way.

Mr. Smith emphasized that Canada was not asking for mutual aid.

Mr. Pearkes concluded his remarks by reemphasizing the importance to Canada of being included by the United States in early stages of weapons development.

The Secretary concluded his remarks by pointing out that missiles which were now becoming available would be obsolete in a few years and that they were merely a stop-gap until much improved missiles were available. He also thought it might be well for the military people on both sides to exchange views on Soviet bomber capabilities, as one

² For text of Khrushchev's July 2 letter to President Eisenhower, see Department of State *Bulletin*, August 18, 1958, pp. 279-281.

³ For text of the U.S. draft resolution, dated April 28, see *ibid.*, pp. 77-78.

way of assessing the need for the fighter plane production effort which Mr. Pearkes had discussed.

General Foulkes ended the discussion of defense matters by stating that Canada's main emphasis in the defense field was on air defense.

288. Memorandum of Conversation

PVC/MC-6

Ottawa, July 10, 1958, 4 p.m.

PRESIDENT'S VISIT TO CANADA

Ottawa, Ontario, Canada, July 8–11, 1958

PARTICIPANTS

United States

The Secretary
Tyler Thompson, Minister, Embassy
Joseph N. Greene, Jr.

Canada

The Secretary of State for External
Affairs Sidney Smith
The Minister of Northern Affairs
Alvin Hamilton
The Deputy Minister of Northern
Affairs R.G. Robertson
The Undersecretary of State for
External Affairs Jules Léger
The Assistant Undersecretary of
State for External Affairs D.V.
LePan
The Chief of the American Division
of the Department of External
Affairs Harrison Cleveland

SUBJECT

Columbia River Development

Following a few introductory remarks by Mr. Smith, the Secretary stated that the United States Government was eager to solve the problems connected with the Columbia River and asked what progress the Canadians had made.

Mr. Hamilton stated that there were two engineering reports still outstanding: one being prepared by the Province of British Columbia;

and the other by the Department of Northern Affairs. There was also an economic report under preparation which would be ready for submission to the Cabinet Committee in approximately two weeks time. This study goes into the economic feasibility of various alternative proposals.

With respect to the Embassy's Aide-Mémoire on the Libby Dam, Mr. Hamilton stated that the Canadian reply was ready and would be delivered in a few days.¹ In summary, he said, the reply was to the effect that more realistic offers must be made before negotiations were possible.

He stated that the Canadians were proud of General McNaughton and that he had already saved the Columbia River for Canada once. He explained that the Canadian Section of the International Joint Commission was not a policy arm of the Canadian Government but was a judicial body.

Mr. Hamilton stated that Canada could not separate the Libby Dam question from the entire Columbia River issue and stated that similarly the United States would not separate the St. John River from the general question of waterways crossing the boundary.

Mr. Hamilton expressed some concern over the fact that the engineering reports were due in November of this year, a time when this question might be a particularly acute political issue in the northwest states. Under the circumstances he thought that the best initial approach to the problem would be to discuss the economic rather than the political and power aspects. He assured the Secretary that the Canadian Government was moving as rapidly as the necessary engineering studies could be completed.

With respect to the techniques of handling the Columbia River issue, Mr. Hamilton stated that parts of the problem might be handled by a reference to the International Joint Commission and parts through normal diplomatic channels.

Mr. Thompson confirmed that the United States' acceptance of the Canadian proposal of last year with respect to the establishment of Canadian-United States groups to study the Columbia development problem was still good. (Embassy Note August 1957)²

Mr. Hamilton stated that Canada was faced with the problem of reducing transportation costs to the Yukon and Alaska and referred to the

¹ A copy of the U.S. aide-mémoire, dated April 24, was transmitted as an enclosure to despatch 965 from Ottawa, May 2. (Department of State, Central Files, 611.42321-LI/5-258) The Canadian reply, dated July 16, was transmitted as an enclosure to despatch 85 from Ottawa, July 29. (*Ibid.*, 611.42321-LI/7-2958)

² Not found in Department of State files.

problem of coastal shipping. He stated that there was growing pressure for better communications to the north.

The Secretary referred to Senator Neuberger's proposal for the joint financing of paving the Alcan highway. The Secretary stated that this was discussed in the meeting that morning with the Prime Minister and that it seemed to him that such an act by the Congress without prior consultation might appear to impose conditions on Canada and should result from negotiation.

289. Memorandum of Conversation

PVC/MC-10

Ottawa, July 10, 1958, 4:30 p.m.

PRESIDENT'S VISIT TO CANADA

Ottawa, Ontario, Canada, July 8–11, 1958

PARTICIPANTS

United States

The Secretary of State
The Hon. Tyler Thompson
Mr. Joseph N. Greene, Jr.

Canada

Secretary of State for External
Affairs Sidney Smith
Under-Secretary of State for
External Affairs Jules Leger
Asst. Under Secretary of State for
External Affairs W.D. Matthews
Mr. John Holmes

SUBJECT

Secretary's Talk with de Gaulle

At Mr. Smith's request, the Secretary briefly outlined his talks with General de Gaulle in Paris. He said that he thought that the General had for the last ten years been thinking almost entirely about French problems, to the virtual exclusion of international problems. He outlined de Gaulle's ideas on constitutional reform and on Algeria and Africa

and said that he thought these were all good and he found them encouraging. The Secretary said he had not found so encouraging de Gaulle's views on international questions. He referred to the General's deprecatory remarks about the Coal and Steel Community and the new supranational institutions in Europe and to the General's views on the importance of states as such in international affairs. He noted that de Gaulle had, however, said that under him the French Government would honor the commitments to the European treaties.

The Secretary also mentioned briefly General de Gaulle's ideas on NATO and his apparent hope that a sort of directorate, or executive committee of NATO, comprising the United States, the United Kingdom and France could be established; General de Gaulle had reflected the thought that this alignment would be well suited to run most of the free world. The Secretary said that he had rebutted this line of thought with the view that while the strongest powers obviously have the greatest influence in world affairs, they could not effectively exercise that influence if they tried to do so in obvious concert.

In response to Mr. Smith's inquiry, the Secretary said he did not think de Gaulle was likely to kick over the traces and try to make a deal on his own with the Russians. The Secretary said that while there may be troublesome moments in relations with de Gaulle, even more important is the fact that if he is successful in the things he has set out to do he can save us all some great dangers.

The Secretary also outlined the thoughts he had expressed to General de Gaulle on why it would be preferable for France to subscribe to the NATO atomic weapons stockpile idea, with the added assurance of immediate availability of the weapons to France in the event of armed attack on France or her forces, rather than launch into a national nuclear weapons program. He said that he did not think General de Gaulle had fully understood the significance of what the Secretary had proposed.

On the current Geneva talks, the Secretary repeated the views that he had expressed earlier at lunch.¹

¹ See Document 286.

290. Memorandum From the Officer in Charge of Canadian Affairs (Byrns) to the Director of the Office of British Commonwealth and Northern European Affairs (Parsons)

August 7, 1958.

SUBJECT

Canadian Defense Minister's Discussions with the Department of Defense,
August 4-5, 1958

The following are the main points resulting from the meetings between Canadian Minister for National Defense George Pearkes and Secretary McElroy on August 4-5, 1958. Also present at the meetings were Secretaries Quarles, Sprague, Douglas and McGuire as well as Ambassador Norman Robertson, Doctor Hannah (Chairman of the PJBD), General Thomas White, and Air Commodore Cameron.¹

1. Mr. Pearkes referred to the high cost of producing the CF 105 Interceptor (\$500 million), and asked whether the United States would be willing to equip some of its squadrons, such as those at Harmon and Goose Bay, with the CF 105. This would enable Canada to produce a greater quantity of these aircraft, thus reducing the unit cost. Canada was undecided as to the number of CF 105s it should manufacture. It might be any figure between 50 and 200.

The United States side stated that they recognized that the CF 105 was a good aircraft, but they believed that certain USAF aircraft, notably the F 106 and the F 106A, were probably superior for USAF use. They would therefore not want any CF 105s. There was some discussion of the merits of the Canadian and USAF interceptors, and it was agreed in the meeting of August 4, that Secretary Douglas and Air Commodore Cameron would have a report prepared for the meeting on August 5, appraising the performance of the CF 105 as compared with USAF aircraft ready for production at about the same time.

Mr. Pearkes said that, notwithstanding the political difficulties, the Canadian Government might decide to scrap the CF 105 program, and perhaps turn to missiles. It would be better to take the loss than to tie up a large part of the defense budget for the next five years making an out-moded weapon.

Rather than making a comparison of the merits of the CF 105, and F 106s (as had been planned), the discussions of August 5 centered on the

Source: Department of State, Central Files, 033.4211/8-758. Secret.

¹ Pearkes had been invited to visit Washington during President Eisenhower's trip to Ottawa in July. No other record of his discussions with officials of the Department of Defense has been found in Department of State files.

F 101B. It was agreed that this aircraft could no doubt be used in place of the CF 105, and had the advantage of being much cheaper. Pearkes seemed to have had second thoughts since the previous day's discussions and no longer believed that it would be possible to close down the CF 105 production. Canada was so far committed politically and otherwise, that it would have to go on with the program. He expressed regret that the USAF could not use some of the CF 105s. The United States side indicated its understanding of the necessity for Canada to proceed with its CF 105 program.

2. *Coordination of Defense Production* Doctor Hannah said that the discussion regarding the CF 105 pointed out the need for a more economic use of resources in the joint defense efforts of both countries. It was suggested that Canada and the United States should make a general study of the problem of producing for joint defense. Mr. Pearkes said that a decision regarding joint production could be made in the Canada-US Committee on Joint Defense. He believed it would be wise to hold a meeting of the Committee this fall or early next year. Secretary Quarles suggested that the Joint Industrial Mobilization Committee be rejuvenated and be directed to make this study. Mr. Pearkes agreed. Secretary McGuire was to make a proposal on how JIMCO should be reconstituted, but in the discussions of August 5, it was decided not to use JIMCO. Instead, the Assistant Secretaries of the appropriate divisions of the defense departments of the two countries would meet to discuss what should be done about joint production. The United States side indicated they were ready for this consultation at any time, leaving it to the Canadians to take the initiative on when and where the meeting should be held.

Secretary McElroy said if the United States would get Canadian agreement not to engage in making complex weapons systems, but instead to turn its efforts to components, he believed that the problem of joint production would be solved.

Ambassador Robertson pointed out that there would be numerous domestic political difficulties if the Canadian Government tried to cancel the CF 105 program. Robertson also said that there is a Canadian national feeling that whatever it did in the defense field must be unique and give evidence of independent Canadian initiative and effort. The mere making of components might cause political difficulties at home. Mr. McElroy explained he was suggesting that Canada make major components, not just parts. Mr. Pearkes said that the problem must be given thorough study. Perhaps there was something special that Canada could do, such as make a specialized plane equipped for the task of Arctic inspection, provided this was ever agreed upon. Mr. McElroy repeated that he believed that Canada should make components. Problems regarding the elimination of U.S. tariffs and taxes could be solved.

Both Mr. Pearkes and Mr. McElroy agreed that "we should forget the border" and cooperate fully on a continental basis in a joint defense production effort.

3. *Royal Canadian Navy May Desire Obtain Submarines* Mr. Pearkes said that the Royal Canadian Navy is studying the need for submarines and may desire to acquire some of these vessels, particularly for anti-submarine warfare. Mr. McElroy said that he would push for the necessary legislation to make it possible for the United States Navy to transfer submarines to Canada, if Canada so requested. When the study by the Royal Canadian Navy is completed, Mr. Pearkes will get in touch with Defense regarding the Canadian decision in this connection.

4. *Radar* What is to be done about additional radar installations in Canada for improvement of early warning systems and in connection with Bomarc and SAGE, depends on a USAF-RCAF costing meeting.² This meeting is to take place at once so that requirements can be entered in the budget estimates of both countries.

[1 paragraph (5 lines of source text) not declassified]

²No record of this meeting has been found in Department of State files.

291. Memorandum of Discussion at the 376th Meeting of the National Security Council

August 14, 1958.

[Here follows a paragraph listing the participants at the meeting.]

1. *U.S. Relations With Canada* (NSC Action No. 1876; Memos for NSC from Executive Secretary, same subject, dated June 12 and July 16, 1958)¹

Mr. Gordon Gray, Special Assistant to the President for National Security Affairs, briefed the Council and gave the background of the problem of a national security policy statement on Canada. To illustrate the types of problems which might be dealt with if the Council were to undertake the formulation of a policy with respect to Canada, Mr. Gray summarized six such problems and the questions under each which might be examined in a policy statement. (A copy of the statement of problem areas is filed in the minutes of the meeting, and another is attached to this memorandum.)² In concluding his briefing of the Council, Mr. Gray reminded the members that the discussion of this agenda item was expected to lead to a decision as to whether or not the Council would direct the formulation by the NSC Planning Board of a policy paper on Canada. (A copy of Mr. Gray's briefing note is filed in the minutes of the meeting, and another is attached to this memorandum.)³

The President scanned the paper on problem areas with respect to Canada which had been distributed, and expressed doubt as to whether

Source: Eisenhower Library, Whitman File, NSC Records. Top Secret; Eyes Only. Prepared by Gleason on August 15.

¹ NSC Action No. 1876, March 15, directed the Departments of State and Defense and the Office of Defense Mobilization to study and report to the Council on the need for a policy statement on U.S. relations with Canada. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council) The June 12 memorandum circulated various letters among the three agencies and a statement by Gray that the Department of State believed there was no need for a statement of policy, while the other two agencies believed there was. (*Ibid.*, S/S-NSC Files: Lot 63 D 351, NSC 5822 Series) The July 16 memorandum transmitted a "List of Problem Areas with Respect to Canada," which enumerated the following six questions: 1) Canadian dependence on U.S. trade and investment; 2) U.S. import restrictions which affect Canada; 3) inadequate understanding by the Canadian public of U.S. policies; 4) use of Canadian contractors and equipment; 5) Canadian access to nuclear weapons in peacetime; and 6) greater exchange of information on non-military defense. (*Ibid.*)

² Not printed. This document was a two-page summary of the July 16 memorandum cited in footnote 1 above. The minutes of all National Security Council meetings held during the Eisenhower administration are in the National Archives and Records Administration, RG 273, Records of the National Security Council, Official Meeting Minutes File.

³ Not printed. The briefing note traced the steps taken with regard to the question of U.S. policy toward Canada since NSC Action No. 1876 had been issued.

the NSC was the proper body to deal with certain of these problems. He particularly doubted the appropriateness of NSC consideration of the first problem, entitled "Canadian Dependence on U.S. Trade and Investment". Mr. Gray said that certain members of the Planning Board did not believe that it would be fruitful to explore this question. Secretary Herter intervened to express doubt as to whether it was worth while to consider the third problem—namely, "Inadequate Understanding by the Canadian Public of U.S. Policies".

Continuing his scrutiny, the President stated that only the fifth and sixth problems—namely, "Canadian Access to Nuclear Weapons in Peacetime" and "Greater Exchange of Information on Non-Military Defense"—seemed to him plainly to have national security implications.

Mr. Gray replied by pointing out the national security implications of certain U.S. import restrictions which affected Canada (the second problem). Certainly restrictions on the import of Canadian oil had implications for U.S. security. Secretary Weeks pointed out, with respect to oil imports, that the U.S. Government does not restrict imports of oil from Canada per se. There was, however, an over-all quota on the import of oil. Canada had not yet suffered from the imposition of this worldwide quota, and he doubted very much whether Canada would suffer from it in the future. Mr. Gray agreed that Canada had not been hurt by the application of "voluntary import quotas" on oil, but nevertheless the Canadians were not very happy about the import quota on oil. Mr. Gray also pointed out that the fourth problem—that is, "Use of Canadian Contractors and Equipment"—likewise had a national security aspect, inasmuch as it dealt with military construction and equipment. The President expressed the opinion that inasmuch as this construction took place in Canada, some leeway should be allowed for the use of Canadian equipment and contractors.

The Council discussion then switched to the matter of import restrictions on aluminum. On this point the President expressed the opinion that if there were any widespread expectation that production in this country in a future war was going to win that war as production had won World War II, then all the principles on which we were now preparing ourselves for the contingency of a third world war, were false. The President stated his belief that the next war, if it occurred, would not be a war of production.

Turning to the alleged inadequate understanding of U.S. policies in Canada, the President expressed similar doubts as to the genuineness of the problem. He pointed out that the Conservative Party in Canada had largely based their successful political campaign on a platform of reducing Canadian dependence on the United States. The whole issue was largely politics, and the Canadian Conservatives themselves did not believe what they had said. With respect to the desirability of high-level

visits by U.S. officials to Canada, the President pointed out that in addition to many others, he himself had made two or three visits to Ottawa since he had become President. Mr. Gray commented that the Planning Board simply believed that it would be desirable to increase the number of such high-level visits.

Apropos of the problem of U.S. investments in Canada, Secretary Weeks pointed out that the Canadian exchange was constantly at a premium, which indicated that the Canadian economy was certainly not suffering. Secretary McElroy commented that this premium was caused by heavy U.S. investment in Canada and, rightly or wrongly, this was the problem which worried the Canadians. Secretary Herter observed that this was essentially an internal Canadian problem, about which the United States could do little or nothing. Secretary McElroy expressed agreement.

With regard to the role of information to correct Canadian misunderstanding of U.S. policy, Mr. George Allen pointed out that we do all we can to spread information about U.S. policies in Egypt. Even so, we were lucky if we could get as many as 10,000 Egyptians listening to Voice of America broadcasts. On the other hand, there were millions of Canadians who listened every day to U.S. radio and television programs. Accordingly, in his judgment merely spreading more information about the United States was not likely to do much to improve Canadian understanding of this country. The President agreed with Mr. Allen, and said that of course people mostly believe what they want to believe. The reactions of most people were based on emotion rather than on logic.

Secretary Benson said it seemed to him that the suggestion of periodic consultation between U.S. and Canadian officials had very great potentialities for good, particularly among officials at the operating levels. Secretary McElroy agreed, and Secretary Benson continued by pointing out that in agriculture, which had been a sore spot in U.S.-Canadian relations, the problem had recently eased somewhat. Canadian stocks of wheat had been reduced last year even more than our U.S. stockpiles.

The President stated his agreement that the more meetings we could have between members of the U.S. and Canadian Cabinets, the better it would be for both countries. Such meetings should become a habit. As for correcting misunderstandings of U.S. policies, the President expressed the opinion that it was up to the Canadians themselves to disseminate correct information on our policies, rather than for the United States to undertake to do so.

Secretary Anderson stated that in the financial field the U.S. Treasury has had very good relations with its Canadian counterpart. The arrangements were very simple. We telephone each other every time there

seems to be the likelihood of a misunderstanding. Going on, Secretary Anderson pointed out that the Canadians were scared to death that the United States will secure a substantial investment in the Canadian banks and insurance companies, and Secretary Anderson said he could not blame them. Lastly, Secretary Anderson pointed out that the Canadians do not like the practice by which a U.S. company establishes a branch in Canada and then informs Canadian citizens that the only way that they can share in the profits of the new Canadian company is to purchase stock in the U.S. parent company. This seemed to Secretary Anderson a readily understandable irritation. Secretary McElroy thought so too, but pointed out that this, again, was not an easy problem to solve.

Summing up the consensus, Mr. Gray suggested that the Planning Board address itself to the oil and aluminum problems only, keeping in touch, in the matter of oil, with the President's Cabinet Committee. The policy paper would also include the fourth, fifth and sixth problems, but would eliminate the first and third problems.

*The National Security Council:*⁴

a. Discussed the subject on the basis of the "List of Problem Areas With Respect to Canada" prepared by the NSC Planning Board in accordance with the procedure set forth in the reference memorandum of June 12, 1958, and transmitted by the reference memorandum of July 16, 1958.

b. Directed the NSC Planning Board to prepare, for consideration by the National Security Council, a statement of U.S. policy with respect to the following aspects of U.S.-Canadian relations: U.S. Restrictions on Imports of Oil and Aluminum Which Affect Canada, Use of Canadian Contractors and Equipment, Canadian Access to Nuclear Weapons in Peacetime, and Greater Exchange of Information on Non-Military Defense.

c. Noted the statement by the Special Assistant to the President for National Security Affairs that the President's Special Committee to Investigate Crude Oil Imports would be invited to participate in the work of the Planning Board pursuant to b above as it relates to the subject of U.S. import restrictions on oil which affect Canada.

[Here follow agenda items 2–5.]

S. Everett Gleason

⁴ Paragraphs a–c constitute NSC Action No. 1964, approved by the President on August 18. (Department of State, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council)

**292. Draft Summary Record of the First Meeting of the
U.S.-Canada Committee on Joint Defense**

Paris, December 15, 1958.

[Source: Department of State, Conference Files: Lot 64 D 560, CF 1175. Secret. 12 pages of source text not declassified.]

293. National Security Council Report

NSC 5822/1

December 30, 1958.

CERTAIN ASPECTS OF U.S. RELATIONS WITH CANADA

**SECTION A. U.S. RESTRICTIONS ON IMPORTS
OF OIL WHICH AFFECT CANADA**

Discussion

Present System of Controls

1. The present system of voluntary control of imports was instituted in July 1957 with respect to crude oil and was extended in March 1958 to certain petroleum products. The controls were framed in terms, not of Canada or any other supplying country, but of importing companies and U.S. areas. The quota of each importing company was fixed on

Source: Department of State, S/S-NSC Files: Lot 63 D 351, NSC 5822 Series. Secret; Sections B and D are marked Confidential. As directed by the National Security Council on August 14 (see Document 291), the NSC Planning Board prepared a draft statement of policy on certain U.S. relations with Canada (NSC 5822), dated December 12. This draft was considered by the Council at its 392d meeting on December 23 at which time a revision in paragraph 12 was made, and the resulting statement of policy renumbered NSC 5822/1. The statement was approved by the President on December 30, and eventually rescinded on January 12, 1962. The memorandum of discussion by the NSC on December 23 is printed in vol. IV, pp. 587-590. A copy of NSC 5822 is in Department of State, S/S-NSC Files: Lot 63 D 351, NSC 5822 Series.

NSC 5822/1 consists of a cover sheet, a note dated December 30 from the Executive Secretary of the NSC stating that it had been approved by the President, a table of contents, sections A-E, a chart of crude oil imports, and three appendices. Only sections A-E are printed here. Section A is also printed in vol. IV, pp. 581-584, along with other documentation on the impact on Canada of U.S. restrictions on oil imports.

a historical basis, i.e., in relation to its past imports during a stated period.

2. The rationale for the imposition of controls was that the level of oil imports was such as to threaten to impair the national security. Section 7 of the Trade Agreements Extension Act of 1955 authorized the President to adjust the level of imports in the event of such a finding.

Effect of Present Controls on Canadian Production

3. So far as concerns Canadian oil, these import restrictions have not yet become a limiting factor on imports, due in part to the effect of the recession on expected demand. Nevertheless, under the present program because of price considerations the trend of imports has been in favor of Middle East and Far East oil sources to the detriment of Western Hemisphere sources. Thus, while quotas under the voluntary system of firms which normally import from Canada are currently 138,000 b/d (a figure substantially below the high point of 209,000 b/d reached in April 1957 during the Suez crisis), actual imports from Canada in CY 1958 are expected to average 80–90,000 b/d.¹

4. However, these restrictions can be expected to limit the import of Canadian oil when and if demand increases above the allowables and, in any case, may well have an important effect on the future development of Canadian oil. The present permissible import levels would not be high enough to stimulate exploration and development of Canadian resources.

5. Canadians consider that the most economic and effective development of their oil resources depends on assured access to their natural market in the Northwestern and North Central United States. Canadians believe their oil deserves, and should have, on security grounds, a preferential position in the United States relative to other imported oil. They regard the application of the U.S. import control system to importers from Canada as a sign that Canada will not have such a position in the U.S. market.

6. The prospect that the continuing need for U.S. quotas may affect normal growth of the U.S. market for Canadian oil is one of the factors in Canada's current consideration of whether to provide an additional outlet for Western Canadian crude through construction of pipelines to the Montreal market. Such action by Canada would have the collateral effect of curtailing the present substantial market for Venezuelan crude in Eastern Canada, with detrimental effect on the development of additional reserves in the Western Hemisphere outside of North America.

¹ The tables on page 8 only show U.S. oil imports, 1954–58. [Footnote in the source text. The table is not printed.]

Proposed Revision of Controls

7. The President's Special Committee to Investigate Crude Oil Imports is currently considering a revision of the present import control system. What effects this revision will have on imports from Canada and the rest of the Western Hemisphere will depend on the weight given to Canadian and other Western Hemisphere resources in the interest of national security.

Controls a Departure from Past NSC Policy

8. So far as applicable to Canada, the oil import restrictions represent a departure from the policy adopted by the NSC in November 1953 (NSC 97/6, "A National Petroleum Program")² which provided that the United States should resist further restrictions on imports of Western Hemisphere oil in order to insure maximum development and wartime availability of Western Hemisphere resources, with the understanding that continued scrutiny would be given to the volume of oil imports with particular relation to any significant adverse effect on the development of domestic resources.³ It should be noted that the President's Special Committee, in developing the import control program, did not approach the problem from a Western Hemisphere or Canadian viewpoint but equated national security with domestic production.

Considerations Largely Same for Canada and Venezuela

9. While this discussion is directed primarily to Canada, in terms of the national security Canada, Venezuela and other Western Hemisphere sources should be given due consideration. Two factors peculiarly applicable to Canada are:

a. Pipelines may be used for the transmission of Canadian oil to the United States.

b. The Midwestern area of the United States bordering on Canada (the so-called "northern tier" area) is a natural Canadian market which cannot economically be supplied from other sources.

Arguments for Eliminating or Reducing Import Restrictions on Canadian Oil

10. a. Restrictions on the importation of Canadian oil are contradictory to the long-standing plan of the United States and Canada to share their resources in time of war on a continental rather than on a national basis.

b. Increased Canadian and other Western Hemisphere oil resources, the development of which U.S. import restrictions tend to inhibit, would be essential in certain emergency situations as a supplement to U.S. resources. For example, because petroleum and pe-

² See *Foreign Relations*, 1952-1954, vol. I, pp. 1054-1060.

³ NSC 97/6 was referred to the Director, ODM, by NSC Action No. 1554, May 1956. [Footnote in the source text.]

roleum products are expected to be limiting factors in the survival and recovery of the United States in the event of an attack on the continental United States, the immediate and continuing availability in neighboring countries of maximum supplies would be in the interest of national security.

c. Such increased resources would lessen the political leverage and economic impact on Free World security of the denial or interruption of Middle East oil. While preferences for the development of Western Hemisphere (dollar) oil would adversely affect the import of non-dollar oil from areas outside the Middle East (e.g., the Far East), in comparison with the adverse impact which the import control program has on foreign oil development, the effect of a preference for Canada and Venezuela would be small.

d. Although U.S. import quotas will not force Canada to provide access to Montreal market for Western Canadian crude, such access would tend to deny that market to Venezuela oil and thus adversely affect the development of oil sources in Venezuela. The economic effect on Venezuela of the loss of the Canadian market would be most serious and it is likely that the United States would be blamed.

Arguments Against Eliminating or Reducing Import Restrictions on Canadian Oil

11. a. A preference for Canadian oil imports would conflict with our general policy of non-discrimination among country sources and might create serious foreign relations difficulties, both in connection with our trade policy and in the broad economic and political field. However, special treatment of the imports of countries of a given area appears not to violate our obligations under GATT when the exception is "necessary for the protection of its (the United States') essential security interests in time of war or other emergency in international relations". It must be admitted that, were the exception applied to Canadian imports only, it is probable that under GATT or under our bilateral trade agreement with Venezuela such preferential treatment would be challenged.

b. In view of the state-imposed controls of oil production in the United States, the removal of all restrictions on oil imports from Canada would tend to give to Canadian producers a preferred position, as against U.S. producers, in the U.S. market.

Policy Guidance

12. In the interest of national security and consistent with a healthy and dynamic domestic industry, the continued development of petroleum resources readily available to the Western Hemisphere must be encouraged. In order to promote this development, the objective of the United States should be to give preference, in any system of import

restrictions, to imports of petroleum from Canada and other Western Hemisphere countries.⁴

SECTION B. THE AWARDING OF CONSTRUCTION CONTRACTS FOR U.S. DEFENSE INSTALLATIONS IN CANADA

Discussion

1. It has been U.S. policy in negotiating with the Canadian Government that "equal consideration" will be given to the contractors of both nations in the construction in Canada of joint or U.S. defense installations. In six defense projects undertaken between mid-1953 and early 1957, construction contracts were awarded on this basis.

2. The United States has supported the "equal consideration" policy as being most consistent with the mutual defense partnership with Canada. Advantages of the policy are as follows:

a. It avoids creating out of defense activity a special advantage for the economic interests of either country.

b. It is equitable to the business communities of both countries.

c. It makes optimum use of limited funds in that no potential low bidder is excluded.

d. In view of the legislative concern in both countries over the disposition of military construction funds, it is a politically defensible approach.

3. U.S. support of "equal consideration" has also been prompted by a regard for the interests of the U.S. construction industry. Because of the proximity of Canada and the relative ease of doing business there, many U.S. firms consider Canada as desirable as the United States for construction work. While a policy of giving preference to Canadian companies would not seriously handicap U.S. companies with Canadian subsidiaries, it would handicap those construction companies which do not have such subsidiaries.

4. In practice, Canadian firms have received a significant share of the construction work on U.S. or joint defense installations in Canada. The natural advantages enjoyed by Canadian contractors, in terms of proximity to sites and knowledge of local conditions, have played an important role, and there is no question of the ability of Canadian contractors to bid competitively with U.S. firms. There is also no question as to their construction capability. A survey of contracts awarded on the basis of the "equal consideration" formula during the past several years

⁴ NSC 5822 had two alternatives for this paragraph. A subsequent proposal by the Joint Chiefs of Staff was considered by the NSC at its 392d meeting, revised slightly, and incorporated in the text printed here. The texts of all three alternatives for this paragraph appear in NSC 5822.

(specifically, in connection with DEW Line, Mid-Canada Gap Filler, and Pinetree Augmentation Agreements)⁵ indicates that of a total dollar value of \$202 million, all but \$14 million have gone to Canadian firms.

5. In 1957, as negotiations for Air Force aerial refueling facilities got under way, the Canadians sought to provide in the agreement that construction would be undertaken through Canadian governmental agencies, employing Canadian contractors. This proposal was resisted by the United States but because of the necessity of going forward with defense preparations, a compromise was reached whereby the formal exchange of notes⁶ left contract matters to settlement by the appropriate administrative agencies. While reserving its general position, the United States assented in advance to the use of Canadian construction firms.

6. The Canadian Government has taken the same general position in all important subsequent negotiations. The agreement concerning Air Force facilities at Flin Flon, Manitoba, incorporated the same formula as was arrived at in the aerial refueling facilities agreement. In negotiations for Ballistic Missile Early Warning (BMEW) facilities, including radars at Cape Dyer,⁷ the Canadian Government is seeking even more favorable treatment, in that it is trying to obtain agreement that a Canadian agency would supervise construction. The United States has reserved its position on the above issues, and continues to treat each agreement on a case-by-case basis.

7. There is reason to believe that the Canadian Cabinet intends to press for an explicit formal commitment on the exclusive use of Canadian contractors in the construction of U.S. or joint defense installations in Canada. In negotiations for BMEW facilities, the Canadian authorities have indicated that they intend to make such a commitment a condition precedent to their agreement in principle on the facilities.

8. In short, the conflict in the matter of defense construction is between the Canadian Government's insistence on its right to regulate the terms on which the United States does business in Canada and the U.S. view that: (a) in the interests of fairness and economy, construction bids should be let on the traditional basis of equal consideration for all bidders, and (b) the construction of mutual defense installations should not be exploited to forward the special interests of either country. Controversy over this question has contributed to delays in the completion of certain defense projects, but where delays have threatened to become

⁵ For texts of these agreements, dated May 5, June 13, and June 15, 1955, see TIAS 3218, 3452, and 3453.

⁶ For text of the aerial refueling facilities agreement, June 20, 1958, see TIAS 4051.

⁷ The BMEW negotiations were concluded in July 1959; for text of the agreement, see TIAS 4264.

unacceptably long from the standpoint of national security the construction issue has been resolved by U.S. agreement to the use of Canadian contractors in the particular case.⁸ Moreover, it is difficult to attribute delays to the construction issue alone, since the negotiating situation has generally been complicated by other points of difference.

Policy Guidance

9. The United States should continue to press for a policy of "equal consideration", being prepared within this policy to discuss such modifications of bidding procedure as the Canadian Government feels are necessary to protect the interests of Canadian contractors.

10. The United States should continue to reject any policy of guaranteed preference to Canadian contractors where the United States assumes financial responsibility for the facility. If the Canadian Government conditions its acceptance of such a facility on obtaining preference for Canadian firms, the United States should seek a policy of conditional preference, i.e., a policy which restricts bidding initially to Canadian firms but provides that if the lowest bid exceeds U.S. cost estimates, the United States would subsequently solicit bids from both Canadian and U.S. firms. Any agreements giving Canadian firms such conditional preference should be classified.

SECTION C. PARTICIPATION BY CANADIAN INDUSTRY IN PRODUCTION OF EQUIPMENT FOR THE DEFENSE OF THE NORTH AMERICAN CONTINENT

Discussion

1. Efforts by the United States and Canada toward mutual cooperation in the broad area of defense production and procurement began in 1941 with the Hyde Park Agreement (Appendix 1).⁹ Pursuant to the Agreement, the United States, during World War II, bought matériel in Canada valued at approximately \$1-1/4 billion, which was about equal to the value of Canadian purchases in the United States. In May 1945, at the request of the United States, the principles of the above agreement were extended into the post-war period. Among the subsequent steps taken by the countries to coordinate their economic efforts in the common defense were: (a) the establishment of a joint U.S.-Canada Industrial Mobilization Committee in 1949; (b) promulgation of the

⁸ An important factor in such cases, and one which has reduced our negotiating latitude, has been the shortness of the construction season in northern Canada. Also in these instances, the presence of qualified Canadian contractors on or near the sites justified the assumption that, had the bidding been open to international competition, Canadians would have submitted the lowest responsible bids. [Footnote in the source text.]

⁹ Not printed; for text of the Hyde Park Agreement, April 20, 1941, see Department of State *Bulletin*, April 26, 1941, pp. 494-495.

"Statement of Principles for Economic Cooperation" in 1950 (Appendix 2);¹⁰ and (c) agreement to a Reciprocal Military Purchasing Arrangement, also in 1950.

2. The above arrangements and agreements clearly indicate that both the United States and Canada have accepted cooperation in the defense production field as a matter of policy. An outstanding example of this cooperation is the program developed under the arrangement for reciprocal procurement of military equipment, which has as its objective to provide: (a) a greater standardization of military equipment; (b) a wider dispersal of hemispheric munitions production facilities; (c) a supplemental source of supply for the United States and other NATO countries; and (d) an increase of defense cooperation between the two countries. Through this program the United States has made approximately \$775 million of defense purchases in Canada during the period FY's 1951–1958, with Canadian gross purchases in the United States totaling about \$825 million for the same period (Appendix 3).¹¹ The program has assisted considerably in bringing the two military establishments closer together.

3. The Canadians are appreciative of the broad lines of the policy of cooperation in defense production which Canada and the United States have followed since 1941, but are not satisfied with the present U.S. interpretation and implementation of this policy. In recent negotiations they have held that the provision in the agreements on joint installations in Canada (which provides the electronic equipment used in the joint installations should, as far as practicable, be manufactured in Canada) should be interpreted to mean that: (a) contracts should be awarded to Canadian firms if they can meet the specifications and a reasonable delivery date; (b) Canadian firms should not be directly competitive with U.S. bidders insofar as price is concerned; and (c) if the prices bid by Canadian firms are reasonable by Canadian standards, a lower bid by a U.S. manufacturer should not determine that award. The United States, on the other hand, has maintained that before Canadian firms can be accorded preference they should meet the prices quoted by U.S. bidders. With respect to implementation of the policy, the Canadians assert that at present too much emphasis is placed on determining whether individual items are to be manufactured in Canada or in the United States, and not enough on working toward genuine integration of the defense production and development capabilities of the two

¹⁰ Not printed; for text of the Statement of Principles for Economic Cooperation, September 20, 1950, see *ibid.*, November 6, 1950, p. 743.

¹¹ Not printed.

countries, with the objective of maintaining diversified defense industrial facilities in each.

4. In its desire to assist Canada's defense production industry, the Canadian Government is confronted with a dilemma. On the one hand, the Government has emphasized the rights of Canada as a sovereign power and the relationship of defense production to Canadian industrial and scientific growth; on the other hand, it is faced with the economic reality that Canada does not have the resources to finance the more expensive weapons systems for modern defense. The Government's difficulty is exemplified by its recent decision to reduce drastically the production of the Canadian-developed CF-105 supersonic interceptor aircraft and to introduce into the Canadian air defense system the U.S.-produced BOMARC missile in its stead. Development of the CF-105 has cost Canada \$303 million, and completion of the development and procurement of the aircraft to meet Canada's requirement of approximately 100 aircraft would have cost \$1-1/4 billion more. Before making this decision, Canadian officials tried unsuccessfully to interest the United States in the purchase of CF-105 aircraft for use by the USAF, a proposal which was rejected on the grounds that the United States had under development aircraft of superior performance and earlier availability.

5. While the Canadian Government does not now contemplate an independent Canadian effort to develop a new weapons system for continental defense, it can be expected to be sensitive over any future defense production arrangements which create the impression that Canada will produce only minor components for joint defense projects in Canada while the United States produces all the important major components. That the Canadian Government intends to press for significant Canadian participation in such production was revealed in recent discussions concerning the proposal (a) to strengthen the Pinetree system with additional radars, (b) to extend the semi-automatic ground environment (SAGE) system into Canada, and (c) to introduce the BOMARC missile into the Canadian air defense system. In approving the proposal, subject to agreement on cost sharing, the Canadian Government made it clear that Canadian industry must be permitted to share in production related to these projects as well as to future joint defense projects. Furthermore, during the recent U.S.-Canadian conference on defense production,¹² the Canadians stressed the need for early discussion of the sharing of defense production and expressed the hope that Canada could play a significant role in such production "without

¹² See Document 292.

becoming a subcontractor", and that Canada might also assist in research and development work.

6. It is evident that Canada's desire to participate in the production of equipment for continental defense is not being satisfied under the Reciprocal Military Purchasing Arrangement as presently implemented. While total U.S. purchases in Canada under this arrangement have been quite substantial—they amounted to more than \$270 million in FY 1953—they have dwindled drastically in recent years. There are certain obstacles, however, to a substantial increase of U.S. defense purchases in Canada. Several segments of American industry would object strongly to giving Canadian concerns an equal opportunity to receive defense prime contracts, especially in view of significant pockets of unemployment in the United States, and would probably cite the "Buy American" Act as a basis for their objections. (This Act applies to purchases of supplies and equipment for public use in the United States but not those for use outside the United States. With respect to purchases of certain Canadian-produced items for use in the United States, the Military Departments have taken advantage of an exception to the law which permits each Department to determine that it would be inconsistent with the public interest to apply the restrictions of the Act.) Another obstacle is the attitude of the Canadians, who have often insisted on producing equipment that is readily available from an active production line in the United States and on occasion have maintained that Canadian firms should not be directly competitive with U.S. bidders insofar as price is concerned. There are also other obstacles, including those connected with security, programming, patent and royalty rights, and proprietary rights.

7. Overcoming the above obstacles will not require a change in the policy set forth in the "Statement of Principles of Economic Cooperation". As the Canadians themselves recently pointed out, the two governments in approving these Principles agreed to cooperate "in all respects practicable, and to the extent of their respective executive powers, to the end that the economic efforts of the two countries be coordinated for the common defense and that the production and resources of both countries be used for the best combined results". Moreover, the Principles include the statement that "the two countries shall develop a coordinated program of requirements, production, and procurement". Thus, what appears to be necessary is the development and implementation of improved procedures for carrying out these Principles. Such procedures, however, should not accord Canadian firms a preferred position in bidding for defense contracts, inasmuch as preferential treatment to Canadian firms probably would result in a less economical use of defense funds and provoke criticism by the affected segments of U.S. industry and labor.

8. While Canada is not economically capable of independently developing and producing the large complex weapons and weapons systems required under modern defense concepts, Canadian firms are capable of producing major components of these weapons and weapons systems. They are also capable of independently producing defense equipment of a less complex nature, including trainer, transport, and reconnaissance aircraft and certain types of radar and communications equipment. However, Canada's individual defense requirements are not sufficient to support Canada's extensive and diversified production base, and Canadian defense industries are not likely to thrive unless they are able to share in the production of weapons and defense systems now under development by the United States or some other NATO power. Unless Canadian defense industries do remain healthy, the United States probably will not receive the same excellent cooperation in the joint defense effort that has prevailed in the past. Moreover, the United States would lose the reserve potential of scientific knowledge, technical capability and industrial capacity developed within Canadian defense industries.

Policy Guidance

9. Take steps, as feasible, to assure Canada a fair opportunity to share in the production of military equipment and matériel involving programs of mutual interest to Canada and the United States, and in the research and development connected therewith. Such steps, to the extent practicable, should include measures to: (a) promote closer integration of U.S. and Canadian military production; (b) provide for the necessary flow of information to Canadian firms; (c) insure the most economical use of defense funds; and (d) accord equal consideration to the business communities of both countries.

SECTION D. GREATER EXCHANGE OF INFORMATION WITH CANADA ON NON-MILITARY DEFENSE

Discussion

1. The Joint Industrial Mobilization Planning Committee (JIMC), established in April 1949, provided an effective medium for joint industrial mobilization planning with Canada. During the Korean War the economic efforts of both countries were, through that device, coordinated for the common defense, and production and resources were used for the best combined result. The JIMC has not been abolished, but has not met since 1953. With the change in direction of mobilization planning toward greater emphasis on readiness, induced by the USSR's acquisition of a nuclear capability, the need has arisen for a broadened joint administrative mechanism for the coordination of all phases of non-military planning and actions essential to continental security.

2. The Joint U.S.-Canadian Civil Defense Committee, organized in 1951, has provided the meeting place with Canada for those matters of common interest which, on the U.S. side, were within the responsibilities of the Committee's U.S. representative, the Federal Civil Defense Administrator. But while the committee has accordingly exchanged information on such FCDA programs as continuity of government at the State and local level and those elements of survival item stockpiling for which FCDA was responsible, it has not concerned itself with the corresponding ODM programs, often involving some other phase of the same problem. The activities of this committee can feasibly be extended to embrace all aspects of this class of program, including, from the U.S. standpoint, those handled in the past by ODM as well as FCDA.

3. There are certain non-military responsibilities, such as some of the programs for the sharing of resources in the event of war where effective performance cannot be had without reference to military planning. The Canada-U.S. Committee on Joint Defense, set up following the recent discussions between the President and Prime Minister Diefenbaker at Ottawa,¹³ provides an effective forum for exchange of information on such military-related matters.

Policy Guidance

4. The scope of the activities of the Joint U.S.-Canada Civil Defense Committee should be broadened to facilitate the exchange of information, and joint planning, with respect to non-military defense activities having a close relation to civil defense.

Annex¹⁴

SECTION E. CANADIAN ACCESS TO NUCLEAR WEAPONS IN PEACETIME

Discussion

1. The United States and Canada, recognizing their mutual interest and interdependence in the defense of the North American Continent, have established integrated continental defense arrangements unprecedented in either country in peacetime for defense operations.

¹³ See Documents 281 ff.

¹⁴ Top Secret.

From a military point of view, the early attainment of an operational nuclear delivery capability for Canadian continental defense forces would contribute significantly to these defense arrangements. To this end, U.S. and Canadian defense officials have discussed the provision to Canada of nuclear warheads for MB-1 rockets for manned interceptors, for anti-submarine weapons, and for the BOMARC air defense missile, although to date Canada has not requested through diplomatic channels any specific nuclear weapons systems.

2. a. It is anticipated that a formal Canadian request for one or more of the foregoing continental defense nuclear weapons systems, with the warheads under U.S. custody, will be received within the coming year. Prior to provision of any of these weapons to Canada, it will be desirable for Canada to have information about their nuclear warheads, such information to include that necessary to attach the warhead to the weapon vehicle, information necessary to assure the operability of the nuclear warhead, and information necessary for safety in the employment of the weapons. The release of such information is not possible under current agreements with Canada, and will require an additional agreement.¹⁵

b. Whether or not the Canadians themselves request actual custody of and authority to use nuclear warheads, such custody and authority will be required for optimum effectiveness if we are to assure an operationally-ready and fully effective continental defense posture. The evolving threat to continental security and the exposed geographic position of Canada with regard to this threat, together with the complexity of existing and future weapons systems, generate a requirement for reduced reaction time which can be met only if Canada has actual custody and authority to use the nuclear warheads in question. For example, if MB-1 rockets are provided, the Canadian forces should be allowed to carry the weapon aloft, in preparation for an attack, on the same basis that U.S. forces can carry such a weapon. If nuclear anti-submarine weapons are provided, the warhead should be aboard the Canadian vessel and subject to procedures for use identical with those for U.S. vessels. In the case of any fast reacting air defense missiles system, the utility of the weapon would be degraded if involved bilateral procedures delayed weapon launching. The requirement for reduced reaction time will become even more compelling when the Soviets achieve an operational ICBM or submarine-launched ballistic missile capability.

c. It is considered that the transfer to Canada of custody and the authority to use nuclear weapons should be in accordance with agreed

¹⁵ For text of this agreement, signed at Washington, May 22, 1959, see TIAS 4271.

procedures consistent with U.S. Presidential directives for the expenditure of nuclear weapons by U.S. forces.

3. Under the provisions of the Atomic Energy Act, the United States is precluded in peacetime from transferring custody of nuclear weapons to foreign countries, except by means of a Senate-approved bilateral treaty between the United States and the recipient nation or an international agreement approved by both houses of the Congress. Such a treaty or international agreement would place Canada in a "favored-nation" category and could, of course, have considerable political impact on our discussions with other NATO allies regarding the availability and use of nuclear weapons. On the other hand, our North American continental defense arrangements with Canada were established outside of the NATO structure; and the peculiarities of geography, the defense structure which we have established, the purely defensive role of the weapons under consideration, and the partnership of the United States and Canada in this defense undertaking, provide a reasonable and logical basis for according Canada a favored-nation status. On the Canadian side, there are understandable political considerations regarding U.S. retention of custody of nuclear components for Canadian-manned defense weapons. To the Canadians such an arrangement could carry an implication of distrust or a limitation on the partnership status envisioned under our continental defense arrangements.

4. It must be recognized that other NATO allies may advance similar justifications for equal treatment, and that Canada itself may not desire preferential treatment. In the past, Canada has taken the position (which the United States has opposed) that our continental defense arrangements should be regarded as coming under NATO and therefore should be integrated into the NATO military structure. Canada may reassert this position in connection with access to U.S. nuclear weapons. With regard to NATO, there is under way a U.S. study, based on paragraph 18 of NSC 5810/1, "Basic National Security Policy",¹⁶ involving consideration of the long-term development of a NATO nuclear weapons authority. It is not now possible to forecast the conclusions of this study, but from a U.S. standpoint the problem of Canadian access in peacetime to nuclear weapons for North American continental defense can and should be treated as a bilateral matter. Authority to transfer nuclear weapons would require:

a. Recognizing the special status of Canada through appropriate amendment of the Atomic Energy Act,

b. Seeking bilateral arrangements, either by treaty or as may otherwise be permitted under the law existing at the time, to provide for

¹⁶ NSC 5810/1, May 5, is scheduled for publication in volume III.

Canadian custody in peacetime of nuclear components for Canadian forces.

Policy Guidance

5. The United States should be prepared to make nuclear components readily available for Canadian-manned and operated defense weapons and weapons systems, under U.S. custody as required under existing U.S. law, as soon as Canadian forces are capable of employing nuclear weapons in the defense of the North American continent. To this end, a new bilateral agreement should be negotiated which would authorize immediate release to Canada of sufficient information on the nuclear weapons employed in North American defense to permit Canadian training and employment of these weapons in the continental defense system.

6. It is in the U.S. security interest to transfer to Canada at an appropriate time the custody of nuclear components for continental defense. To this end, necessary steps should be taken as soon as practicable to insure that the United States will be prepared to make such transfer, with the understanding that employment by Canada of U.S.-provided nuclear components will be for mutually agreed continental defense purposes under agreed procedures consistent with U.S. Presidential directives for the expenditure of nuclear weapons by U.S. forces. In no case should action be taken outside the Executive branch without prior knowledge that Canada desires such custody.¹⁷

7. Any bilateral arrangements between the United States and Canada regarding access to nuclear weapons for continental defense purposes should not prejudice either Canadian or U.S. participation in nuclear weapons arrangements made within the NATO framework.

¹⁷ This sentence did not appear in NSC 5822.

294. Editorial Note

On January 5, 1959, Secretary of the Treasury Anderson led a U.S. Delegation to Ottawa for the fourth meeting of the Joint U.S.-Canadian Committee on Trade and Economic Affairs. During the 2-day meeting, Anderson, Under Secretary of State Dillon, Assistant Secretary of State Merchant, and other U.S. officials discussed with Canadian Minister of Finance Donald Fleming, and the Ministers of External Affairs, Trade and Commerce, Justice, and Agriculture the following topics:

January 5:

1. The economic outlook for North America
2. The world economy

January 6:

3. Measures affecting trade between the two countries
4. Agricultural surpluses and disposal policies
5. U.S. foreign assets control procedures
6. Effects on Canadian companies of U.S. anti-trust actions
7. A joint communiqué
8. The International Development Association
9. Other business

A 28-page summary record of the meetings, prepared by the U.S. Delegation, is in Department of State, Conference Files: Lot 64 D 560, CF 1191. A set of background papers and documentation on the preparations for the meeting is *ibid.*, CF 1186-1190. The U.S. paper on the scope and objectives of the meeting is printed as Document 295. For text of the joint communiqué issued on January 6, see *American Foreign Policy: Current Documents, 1959*, pages 493-496.

295. Paper Prepared in the Office of British Commonwealth and Northern European Affairs

January 2, 1959.

US-CANADIAN JOINT COMMITTEE ON TRADE
AND ECONOMIC AFFAIRS

Ottawa, January 5 and 6, 1959

Scope and Objectives

Our objective at this fourth meeting of the Joint Committee will be, as in earlier meetings, to broaden the scope of mutual agreement in the economic field, to give sympathetic airing to differences and resentments on either side, and to instill in the Canadian Ministers, who might otherwise be swayed by the emotions of economic nationalism, a more reasonable attitude in their economic relations with the United States.

This meeting has been called largely at Canadian initiative. Its purpose, as in the past, will be to provide an occasion for the frank discussion of matters affecting the harmonious economic relations of our two countries, particularly those affecting our foreign trade. It will be an opportunity for the participants on either side to gain added insight into each others' attitudes and points of view, to come to an appreciation of diverse domestic considerations, and to advance our mutual economic objectives. In these meetings the Canadian Ministers sometimes voice the viewpoint not solely of their own Government but of the British Commonwealth as a whole.

This will be the second meeting of its kind for the present Canadian Cabinet Ministers who will have been in office as leaders of the new Conservative Government approximately a year and a half. Since the last meeting in October, 1957,¹ the present Conservative Government has gained in experience and in public support. Nevertheless its members have tended at times to behave as if they were still campaigning for public office. It has shown itself assertively nationalistic in its economic relations with the United States and strongly pro-Commonwealth. It has also shown itself increasingly responsive to domestic protectionist sentiment, particularly vis-à-vis trade with the United States, and has evinced something less than due regard for established procedures for prior consultation.

At the same time the present Conservative Government has been harsh in its condemnation of United States restrictive actions in the field

Source: Department of State, Conference Files: Lot 64 D 560, CF 1187. Confidential. Drafted by Martha Schaffner and cleared by Dillon and Merchant.

¹ Documentation on the third meeting of the Joint U.S.-Canadian Committee on Trade and Economic Affairs, held at Washington October 8, 1957, is *ibid.*: Lot 62 D 181, CF 922-924.

of foreign trade. While these restrictions have had an undeniable impact upon Canada, they have not been directed solely at Canadian trade, and they have been carried out after full consultation and with scrupulous intent to minimize their adverse effects upon Canada.

Uppermost in the minds of the Canadian Ministers will be the impact upon Canadian exports of U.S. import restrictions on lead and zinc and oil and of the U.S. proposal to increase the disposal of agricultural surpluses through barter transactions. We, in turn, will want to impress upon the Canadian Ministers the importance of consultations in advance of actions to restrict trade, to express to them our anxiety with respect to the flexibility of the valuation provisions of the amended Canadian Customs Act, and to make known our misgivings as to evidences of protectionist trends in Canadian policy, notably the increased Canadian duties on fruits and vegetables and the drastic restrictions on Canadian imports of turkeys.

In the present atmosphere of radical nationalism in Canada as championed by the Conservative Government, it seems likely that the Canadian Ministers may seek further assurances or concessions from the United States which would be intended to minimize the appearance of United States "interference" with the operations of Canadian subsidiaries of United States firms. We on our side may want to voice our concern over the disturbing number of irresponsible and unfriendly public statements, particularly in the Canadian press, which make increasingly difficult a dispassionate approach to problems in United States-Canadian economic relations.

Apart from the inevitable airing of grievances and the seeking of assurances on sensitive issues, there will be valuable opportunities to reach broad bilateral agreement in areas of growing economic significance. We know, for example, that the Canadian Ministers will want to discuss the trend of European regional economic arrangements and the recent moves toward currency convertibility, particularly as they are likely to affect the trade of the non-OEEC countries. We may expect that there will be occasion for considering a cooperative approach to matters closer to home, such as the development and exchange of energy resources and the disposal of agricultural surpluses.

Canadian Ministers, and the Canadian people, have come to set great store by these Joint Committee meetings as establishing a more intimate understanding and identity of interest between our two governments. The increased understanding and mutual confidence which these meetings produce has indeed proved to be of inestimable assistance in facilitating negotiation and agreement at all levels of official and diplomatic exchange.

296. Paper Prepared in the Department of Defense

CI-59-59

March 5, 1959.

COOPERATION WITH CANADA IN DEFENSE

PURPOSE

To review U.S.-Canadian relationships with respect to cost and production sharing and atomic energy

Introduction

Canada's strategic position as the only land mass separating the two major protagonists gives them a special position of importance to the United States on defense matters. Early warning and intercept of enemy forces depend heavily on equipment based on Canadian soil and to a large extent maintained and operated by Canadians. U.S. military aircraft fly over their sovereign soil regularly in training missions and test exercises against the NORAD defense system. Storage on Canadian soil and overflight of atomic weapons create the need for special concessions to the U.S. In defending the North American continent, we act on a fully cooperative and unified basis and continued cooperation from an economically strong and willing partner is essential to our defense.

The Canadian government is faced with a dilemma in its desire to make a maximum contribution to our common defense with a limited budget, to promote the growth of Canada's defense industry and to improve the Canadian balance of trade with the U.S. Canada's greatest contribution to our mutual defense may be to use U.S. developed weapons already in production and integrated into NORAD instead of developing and producing independently. Unless Canada can share in the production of such equipment, however, her defense industry and balance of trade will suffer. Canada is sensitive toward production arrangements which create the impression that her industry will produce only minor components for joint defense projects.

It has been recognized from the outset of the production sharing effort that Canada has two major problems and objectives. From the short term point of view, Canada is interested in filling the gap in the

Source: Eisenhower Library, Cabinet Secretariat Records. Secret; Privileged. Attached to a cover sheet that indicated the paper had been prepared as background for the March 6 Cabinet meeting. During that meeting, Deputy Secretary of Defense Quarles reviewed the paper, noted that the Defense Department would prepare lists of materials open for competitive bidding by Canada, and stressed the importance that both Canada and the United States attached to the problem. (*Ibid.*, Whitman File, Cabinet Series) The President supported the plans as set forth in the paper. (Record of Action 59-128, March 12; *ibid.*)

aircraft and electronics industries caused by recent program cutbacks, with primary attention directed to “crash” action on the Bomarc, Sage, and Radar Improvement Programs. The long range objective is to achieve better integration of her resources by sharing in development and production programs of mutual interest in all three of the U.S. military services.

Historically, Canadian pride in maintaining her independence and sovereignty has been a key factor in refusing grant aid. The Canadian public is sensitive to any actions by their government or by the U.S. which indicate loss of sovereignty.

Cost Sharing and Production Sharing

Background Discussion

This interdependence and need for cooperation were recognized in 1941 in the Hyde Park Agreement which stated—“That each country should provide the other with defense articles which it is best able to produce—and that production programs should be coordinated to that end.” The significant purchases made by the U.S. from Canada during World War II of some \$1-1/4 billion was within the framework of this broad statement of understanding.

The Statement of Principles for Economic Cooperation¹ approved by the President in 1950 further strengthened previous ties. Aims were to: use production and resources for best combined results; develop a coordinated program of requirements, procurement and production; remove as far as possible barriers which impede the flow between Canada and the United States of goods essential for the common defense.

These broad principles have been implemented in a large body of actions which properly reflect the spirit and intent of top level policy statements. Canada is given special treatment in a wide area of defense matters including: The Buy American Act, the exchange of programming information and standardization program between the military services of the two countries, industrial security, control of defense materials, agreements regarding the production in Canada of equipment to be installed in Canada and the exchange of research and development technical data.

In turn, the U.S. enjoys the fullest cooperation from Canada in defense matters.

During the Korean emergency when U.S. electronic production facilities were operating near capacity, heavy purchases were made from Canada in radar and other electronic equipment connected with air

¹ For text of the Statement of Principles for Economic Cooperation, see Department of State *Bulletin*, November 6, 1950, p. 743.

defense, particularly the Pinetree systems. Under the terms of the bilateral agreements covering these installations, the U.S. agreed "when practicable" to purchase in Canada equipment to be installed in Canada. Practicability has been defined over a period of time as the determination of Canadian technical competence on a given item, plus the ability to produce at a reasonable cost and at the time required. A significant part of the radar defense equipment was purchased in Canada under this general criteria, thereby establishing a precedent for production sharing. The precedent for cost sharing was also established when the Pinetree cost was divided on the basis of one-third Canada, two-thirds U.S.

The Canadian electronics industry was given a tremendous impetus at that time, although it is still modest in terms of United States capability. The major part of that industry today is made up of subsidiaries and affiliates of United States corporations.

The impact of defense decisions on the balance of trade between the two countries is of great concern to the Canadians. This balance has been unfavorable to them, amounting to a \$1.1 billion deficit for 1957 based on exports to the United States of \$2.9 billion and imports of \$4.0 billion. A comparison of direct military purchases between the two governments, however, shows a 50% higher level by the United States than by Canada over the past four years—\$205 million vs. \$131 million. (See Table at end.)² It is of significance that from the peak of \$250 million United States purchases in Canada during 1952 and 1953 when heavy orders for radar defense systems were placed, the level has dropped to less than \$50 million average for the last five years.

These figures, however, do not give the complete picture, since the substantial subcontracting from government prime contractors is not shown. As an example, for Dewline alone, since 1955 Western Electric has subcontracted \$230 million to Canada, more than is reported for the same period in direct contracts from the three military services. Another factor of great significance not now measurable is the United States content of Canadian produced technical items purchased both by the United States and by Canada. It is estimated that an average of at least 20% of the cost of technical military items returns to the United States in the form of component manufacture.

In addition, there is a large defense expenditure in Canada other than the direct purchases by the three military services shown in the Table at end. This total was estimated to be \$344 million in FY '58, including military pay, construction, local purchase and other items not

² Not printed.

included in the comparative figures reported by the Department of Defense.

Current Situation

The present strong interest of Canada in production sharing is the result of the decision made by the Canadian government in September to curtail drastically the CF 105 supersonic interceptor aircraft program, and to introduce into the Canadian air defense system the U.S. produced BOMARC missile and SAGE control equipment. This decision recognized the rapid strides being made in missiles by both the U.S. and Russia and the high cost of the CF 105 in relation to its potential contribution to North American defense.

The specially developed Astra fire control and Sparrow missile systems for the CF 105 were terminated in September, with the subsequent cancellation of the complete program 20 February. Reaction to this decision from the press and the opposition has been most unfavorable, and will greatly increase the strong pressures which have existed on production sharing.

With over \$300 million already expended in the development of this system and a potential production program of another \$1.25 billion for 100 aircraft, this was a heavy blow to Canadian industry and the pride of their people. The implications on the Canadian economy can be measured in terms of their defense budget, which is in the order of \$1 billion annually.

The decision to terminate the CF 105 was predicated in part on the agreements to provide Canada with better chances to share in production of defense items of mutual interest. The Deputy Minister of Defense Production has stated in effect that if production sharing does not work, Canada has no alternative but to use her limited defense budget for whatever items she is able to produce, whether or not it makes a maximum contribution to North American defense.

Since September negotiations have been underway on the basis of Canada paying one-third of the cost of two 30 missile BOMARC sites, one SAGE super combat center and a radar improvement program. The Canadian share of \$125 million would be associated with site construction and unit equipment, with the United States share of about \$250 million applied to the procurement of BOMARC and SAGE technical equipment. It has been agreed that this is the only practical way to make the split, however, the Canadians fear it will not give them any assurance of sharing in the production of the electronic and missile hardware. Since construction on Canadian soil is normally done by Canadian contract, Canadians are assured that substantially all of their \$125 million will be spent in Canada in any event. However, they do not want to become a "brick and mortar" economy.

The Air Force has consistently opposed any agreement to assure Canada a given share of the production, based on the conviction that technical competence, cost and delivery considerations must be the deciding criteria. If Canadian competence can be demonstrated and reasonable decisions agreed to on individual items, it is our position that the end result will be a reasonable share for the Canadians.

From the recent statement by the Prime Minister to Parliament it is assumed that the Canadians have accepted the U.S. position on this matter.

A major problem is that the BOMARC, SAGE and radar programs are well along in development as well as in production and extraordinary effort is required to provide opportunity even approaching equality. There are significant roadblocks operating to the disadvantage of a Canadian source; security clearances, release of classified information, licensing agreements, lack of confidence in the knowledge of Canadian capability, qualification problems, inadequate liaison with United States' laboratories, lack of aggressiveness, and frustration on the part of Canadian industry, and many others. The net result is that considerable effort and attention will be required from top policy level right down the line to the procurement officer if significant results are to be realized. A permissive policy will not result in any significant increase in the Canadian participation in United States production programs simply because there are too many other problems and pressures of greater impact on the procurement officer.

While in recent discussions we have continually emphasized a strictly competitive approach to production sharing, exceptions are still in order where Dewline and Pinetree agreements apply. Moreover, on the SAGE program it may be necessary to consider sole source negotiations on a limited number of development items where Canadian capability exists. Such cases will be approved at Secretarial level.

As a result of the high level discussion between the two governments last summer, the military department Matériel Assistant Secretaries were asked to work with Canadian officials to "consider the problems of allocation of development and production tasks, and to reach agreed solutions where possible." Beginning in October, there have been three meetings of that group with appropriate members of the Canadian Government, and considerable effort has been applied to production sharing.³

Working groups have been formed in specific areas, policy directives have been issued, officials of government and industry at various levels have been briefed, visits have been made by teams to Canadian

³ No records of these meetings have been found in Department of State files.

industry, and action has been taken on problems encountered. Recently, approximately \$6.7 million in BOMARC subcontracts has resulted from this effort. In addition a large number of requests-for-bid are flowing to Canadian industry from both U.S. prime and subcontractors. Most of the potential is in the large number of comparatively small procurements on a competitive basis. Several large items for SAGE or the Radar Improvement Program are under negotiation with Canada for possible award under the "practicability" criteria. These are complex items with considerable previous development, however, and Canadian capability of meeting the criteria appears marginal.

In the most recent meeting in Ottawa, the Canadians expressed dissatisfaction with progress to date, on the basis that the short term objective of filling the gap created by the CF 105 terminations has not and probably will not be fully satisfied. The Canadians have been hoping for a few large items which would satisfy national pride and be significant enough to prove to the public that production sharing will work.

In light of the heavy expenditures by the U.S. services in communications and electronics, and the modest size of the Canadian electronics industry, it is believed that the present course of action—greater competitive opportunity—will provide reasonably for the Canadian electronic industry and satisfy the long term objectives of economic cooperation.

The problem in the Canadian aircraft industry is more difficult. The recent BOMARC award to Canadair is the only production sharing now in sight for the aircraft industry. From a United States point of view, considerable political repercussions can be expected even on this comparatively small item. From the Canadian point of view, while they realize it is a major concession on our part, it does very little to fill the gap in the aircraft industry.

An important factor in relation to the long term objective of economic cooperation is the effect of the Buy American Act. This provides that the head of an executive department may approve the purchase of materials of foreign origin when the purchase of like materials of domestic origin is "inconsistent with the public interest." In consideration of the large number of items of mutual interest and the bi-lateral agreements on Pinetree and Dewline, the Secretary of the Air Force granted a waiver to the Act under this authority in 1950. This has given Canada the opportunity of competing without duty or price differential for any USAF item, except food and clothing specifically prohibited by law. The other two services have granted waivers on specific items on a more restrictive basis.

In the interest of uniformity a recent Defense policy directive will result in each service listing items or programs of "mutual interest" to be exempted. While this may result in decreasing somewhat the very fa-

avorable position afforded Canada under previous USAF policy, it will increase Canadian opportunities to bid on Army and Navy items. If we are to succeed in effecting a net improvement in the Canadian production sharing position, there must be a liberal interpretation of "mutual interest" in applying the revised Buy American policy.

Conclusion

In spite of favorable policies, and directives, it has been very difficult for Canadian industry to compete with United States industry on an equal basis. While considerable potential exists in the electronics area, it will require a substantial effort on the part of all three military services to effect any significant increase in production going to Canada.

In the aircraft industry progress will be even more difficult. On a strictly competitive basis, and without high level "guidance", the chances of Canadian industry winning out on major air frame programs is remote.

It is generally agreed that production sharing must be made to work. This can only be done, however, if the Administration expresses the clear intention of getting results and is prepared to face up to the inevitable political repercussions.

297. Letter From President Eisenhower to Prime Minister Diefenbaker

March 10, 1959.

DEAR JOHN: I am today signing a Proclamation adjusting and regulating imports of crude oil and its principal products into the United States.¹ The basis for this new program is a certification by the Office of Civil and Defense Mobilization that such action is required in the interests of our national defense.

I wish to assure you that in the formulation of this program, every effort was made to insure that its practical effect upon imports from

Source: Eisenhower Library, White House Office, Project Clean Up. No classification marking.

¹ For text of Proclamation No. 3279 governing oil imports and President Eisenhower's statement at the time of its signing, see *American Foreign Policy: Current Documents, 1959*, pp. 1455-1462.

Canada would be minimized, and it is my understanding that there will be no appreciable change in the level of such imports as a result of the new program.

In view of the joint interest in hemispheric defense that we share with Canada and with the other American Republics, it is my sincere hope that in the near future the informal conversations that have already begun will result in an agreed hemispheric approach to this problem.²

With warm regard,

Sincerely,

Dwight D. Eisenhower³

² Discussions with representatives of the Canadian and Venezuelan Embassies began in January but were suspended pending installation of the new Venezuelan Government in February. A report on these conversations was sent to the President by Herter on March 30. (Eisenhower Library, Herter Papers)

³ Printed from a copy that bears this typed signature.

298. Telegram From the Embassy in Canada to the Department of State

Ottawa, March 10, 1959, 6 p.m.

671. Reference: Embassy telegram 669.¹ When Prime Minister received President's letter on oil import regulation on March 10, he expressed extremely serious concern over impact of regulation coming as it does on top of Arrow CF-105 decision and vote of House Committee on Chicago diversion.² He said he knew how hard President had tried to

Source: Department of State, Central Files, 411.006/3-1059. Secret; Priority; Limited Distribution.

¹ Telegram 669, March 10, reported that President Eisenhower's letter (Document 297) had been delivered personally to Diefenbaker at 3:45 that afternoon. (Department of State, Central Files, 411.006/3-1059)

² Regarding the Avro Arrow CF-105 decision, see Document 292. The Chicago diversion decision refers to a report of the House Committee on Public Works, March 9, to require a study of the effect of diverting more water from Lake Michigan into the Illinois Waterway. For text of the report, see House of Representatives, 86th Congress, 1st Session, *House Reports*, vol. I, Report No. 191.

find proper equilibrium in oil and how great were pressures upon President in this matter. He deeply regretted unfortunate timing of announcement and said this action might have far more serious consequences than anyone might now contemplate. He referred to heavy tide of personal mail from people all over Canada as showing far more bitterness towards United States than he could previously recall, all in terms of CF-105 decision.

He was consequently most apprehensive over public reaction to oil regulation. He made point of saying feelingly he hoped "tripartite" offer was genuine and meaningful.

In course 10-minute conversation, Prime Minister repeatedly interjected how deeply he concerned over oil action in terms overall relations.³

Rewinkel

³ On March 14, Prime Minister Diefenbaker wrote to President Eisenhower thanking him for the letter but expressing his "deep and continuing concern" about the decision. The letter was transmitted in telegram 695 from Ottawa, March 17. (Department of State, Central Files, 411.426/3-1759) On April 29, Eisenhower again wrote to Diefenbaker informing him that, as of April 30, the restrictions on Canadian oil would be lifted. (*Ibid.*, 411.426/4-2859) Copies of a letter from Ambassador Heeney and a statement in Parliament by Diefenbaker both thanking the United States for the change are *ibid.*, 411.426/5-159.

299. Memorandum of Conversation

May 15, 1959.

[Source: Department of State, Central Files, 611.42321-SL/5-1559. Secret. 2 pages of source text not declassified.]

300. Editorial Note

On June 26, President Eisenhower joined Queen Elizabeth II and Prime Minister Diefenbaker at Montreal for the formal ceremonies opening the St. Lawrence Seaway. For text of his remarks and those of the Queen, see Department of State *Bulletin*, July 20, 1959, pages 75–77. Documentation on the preparation for the ceremonies is in Department of State, Central Files 611.4232 and 611.42321–SL.

301. Memorandum of Conversation

Ottawa, July 11, 1959.

SUBJECT

Secretary's Conversations in Ottawa¹

PARTICIPANTS

Canada

Prime Minister John G. Diefenbaker
Minister of External Affairs Howard C. Green
Under Secretary of External Affairs Gorman A. Robertson
Canadian Ambassador to U.S. A.D.P. Heeney

United States

Secretary of State Christian A. Herter
Assistant Secretary of State Livingston T. Merchant
Counselor of the Department G. Frederick Reinhardt
Minister, American Embassy, Ottawa, Tyler Thompson

Place and Time of Meeting:

The meeting was held at the Prime Minister's residence, 24, Sussex Street, Ottawa, from 12:10 p.m. until 3:15 p.m. The discussion continued during lunch. The Prime Minister left at 2:40 p.m. to keep a speaking engagement at Winnipeg.

Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. Drafted by Thompson on July 13.

¹ Herter stopped at Ottawa en route to Geneva for the second session of the Geneva Foreign Ministers Conference July 13–August 5. He arrived at 11:15 a.m. and departed at 6:07 p.m. Five memoranda of his conversations covering the Geneva Conference, General de Gaulle, continental defense, disarmament, atomic weapons, the Far East, the St. Lawrence Seaway, and U.S.-Canadian economic relations, are *ibid.*, Central Files, 110.11–HE/7–1159.

Preliminary Remarks:

The Prime Minister told the Secretary how much he appreciated his coming to Ottawa and expressed with obvious sincerity the deep impression made on him by the warm welcome given the Queen in Chicago.² The Secretary conveyed the President's greetings to the Prime Minister who replied, "I like him." The Secretary, referring to the President's visit to Canada,³ hoped the Prime Minister would be able to pay a reciprocal visit to the United States.

Geneva Negotiations:

The Secretary outlined in considerable detail the developments with respect to Berlin which took place during the Geneva negotiations⁴ and outlined present United States thinking with respect to the future course of these negotiations. He expressed guarded optimism based on Gromyko's June 28 statement.⁵

In response to the Prime Minister's query, the Secretary said he was not taking a new package proposal to Geneva as reported in the *New York Times*.

Summit Conference:

The Secretary said there were no specific conditions precedent which would have to be met before the United States would agree to a Summit Conference, but that it could not agree to such a conference unless there was some possibility of results and unless summit negotiations took place free from Soviet threats. The Secretary informed the Prime Minister that the President would take a liberal approach in judging whether there was some possibility of results. The Secretary added that there would be no reason to hope for progress at a Summit Conference if the present situation at Geneva were turned over to such a conference. The Secretary explained the problems the President would face if a Summit Conference did take place towards the end of the present session of Congress. The possibility of holding such a conference at Quebec City was discussed.

The Prime Minister emphasized that eighty percent of the Canadian people favored the holding of a Summit Conference and that there would be great disillusionment in Canada if such a conference were not held. He believed that if there were no Summit Conference Canadians would consider that the possibility of a negotiated solution of difficul-

² Queen Elizabeth II visited Chicago on July 6 following the ceremonies opening the St. Lawrence Seaway.

³ See Documents 279 ff.

⁴ Documentation on the Geneva Foreign Ministers meeting May 11-June 20 and July 13-August 5 is printed in volume VIII.

⁵ For text of this statement, see *American Foreign Policy: Current Documents, 1959*, pp. 721-723.

ties with the Soviet Union had been discarded and that war was all that was left. The Prime Minister also stated that if war occurred without a Summit Conference having been held the Canadian people would feel that an important effort to avoid war had not been taken and that they consequently would not give the same support in such a war.

Preventive War:

The Prime Minister stated he had seen two United States military officers in the last seven days who advocated a preventive war. The Secretary replied that a war which would cost the United States some 60,000,000 casualties, Canada some 10,000,000, and the Soviet Union 120,000,000 without counting those in Europe would not be much of a war to win.

Removal of United States Planes from France:

The Prime Minister with some heat stated that the United States decision to withdraw certain planes from France⁶ had been reached without consultation with its NATO allies. Mr. Merchant replied that there had been consultation. (The facts and chronology of the consultation which took place will be obtained for the Prime Minister's information.)

Continental Defense:

The Secretary emphasized the importance of the joint character of the requirements for certain military projects in Canada in connection with continental defense. He stressed the need for some machinery so that such requirements could be presented as joint requirements rather than as a United States request to Canada. It was agreed that the possibility of a greater use of the Permanent Joint Board on Defense (PJBD) for this purpose should be looked into. Mr. Merchant said that the Cabinet level Canada-United States Defense Committee could usefully complement the PJBD in this connection. It was also agreed that the periodic informal sub-cabinet level meetings had proven effective.

Canada-United States Defense Committee:

The Canadians expressed an interest in having a meeting of the Cabinet level Canada-United States Defense Committee. The Secretary said that the United States would initiate plans for holding such a meeting with the date dependent on the length of the Geneva Conference and the possible holding of a Summit Conference.

[heading and paragraph (12 lines of source text) not declassified]

⁶ In June the United States redeployed nine fighter and fighter-bomber squadrons based in France to airfields located in West Germany and the United Kingdom.

Recognition of Red China:

The Prime Minister inquired whether with the resignation of Walter Robertson⁷ there had been any change in United States policy with respect to the non-recognition of Red China. The Secretary replied that no change in our policy had taken place. He added that Germany, which did not recognize Red China, had more trade with it than Great Britain which did recognize it. He also referred to the jailing of United States citizens, to Tibet, and to the readiness of the United States to reconsider its policy towards Red China when it was in its national interest to do so.

Military Training Program in Laos:

Mr. Green stated that his legal advisers considered the plan for United States participation with the French in training the Laotian Army as contrary to the Geneva Agreement.⁸ The Secretary replied that his legal advisers were convinced that this program did not violate the terms of the Geneva Agreement. Mr. Robertson asked if the United States could not help the French financially to enable them to do the whole training job. Mr. Merchant replied that he did not think Congress would provide funds for such a purpose.

Atomic Weapons:

The Prime Minister stated that his government faced a difficult problem from the viewpoint of both public opinion and the opposition parties in connection with the storage of nuclear weapons in Canada. He added that the lack of any Canadian share in the control of their storage or use was a great worry. He explained that the limiting to four months of the agreement regarding overflights of Canada by United States planes armed with nuclear weapons, was to strengthen the government's position in handling opposition questions.

Disarmament:

The discussion touched briefly on disarmament. The Secretary said that he had little hope of progress until a formula was found for setting up a smaller group which would tackle disarmament problems realistically.

Atomic Weapons Testing:

The Secretary stated the United States was willing to reach immediate agreement on the cessation of atmospheric and high altitude testing as violations of such tests could be detected. This would stop the

⁷ Walter S. Robertson resigned as Assistant Secretary of State for Far Eastern Affairs effective June 30.

⁸ For text of the Geneva Agreements on Laos, Cambodia, and Vietnam, July 20–21, 1954, see *Foreign Relations, 1952–1954*, volume XVI.

dirtying of the earth's atmosphere. He added that the key to the banning of other types of tests was effective inspection as no scientist was at this stage able to say that it would be impossible to conceal such tests.

*Award of Turbine Contract to Inglis Firm:*⁹

The Prime Minister stated that he greatly appreciated the decision that the award of a contract to Inglis for electric turbines would not endanger United States security. He added that he considered the principle involved more important than the amount of the contract.

Canadian-United States Economic Relations:

The Prime Minister also expressed his appreciation for the United States contribution during the past year or two to the solution of the economic problems which were irritants in relations between the two countries.

General de Gaulle:

The Secretary stated that de Gaulle's insistence on sharing atomic secrets, control of atomic weapons, support of his country's policies in Algeria and establishment of a tripartite directorate posed difficult problems. The Prime Minister described the Secretary's reference to the unhappiness of many NATO allies with such a tripartite directorate as an understatement as far as Canada was concerned.

The Secretary expressed the belief that progress can be made in solving the problems with France only through a meeting between the President and General de Gaulle. He said that General de Gaulle had been invited to come to the United States many times. He added that possibly the President and General de Gaulle could get together if a summit meeting took place.

⁹ On June 26, the Army Corps of Engineers announced the awarding of a \$6,512,313 contract for eight hydroelectric turbines to Inglis Ltd. of Canada.

302. Memorandum of Conversation

July 28, 1959.

SUBJECT

Question of Soviet Bloc Ships Using St. Lawrence Seaway

PARTICIPANTS

A.E. Ritchie, Chargé d'Affaires, Canadian Embassy
A.F. Broadbridge, First Secretary, Canadian Embassy
Ivan B. White, EUR
Delmar Carlson, BNA

Messrs. Ritchie and Broadbridge called at the Department at Mr. White's request to discuss the pending question of any future use of the St. Lawrence Seaway by Soviet Bloc ships.

Mr. White referred to the Secretary's conversation with Prime Minister Diefenbaker and External Affairs Minister Green in Ottawa on July 11 concerning this problem.¹ Mr. White then read aloud a memorandum of that particular conversation. (Among the highlights of the memorandum was External Affairs Minister Green's statement that the Canadian Government was concerned with the problem of reaching agreement with the United States on the security measures to be applied to Soviet vessels using the Seaway and that the Canadian Government did not wish to apply discriminatory measures against ships of one nation. The Secretary had replied that he was certain that the difficulty could be planed down by discussion between officials of the two countries.)

Mr. White stated that we are becoming concerned over the lack of consultation on this problem. He pointed out that the Department could envisage a problem arising almost overnight if a Soviet vessel should suddenly appear. He added that other U.S. agencies, which are particularly concerned with security matters and not subject to instructions from the Department of State, could become extremely concerned in the event of such a case and the possibility existed for development of a real disagreement between the two countries. Mr. White said that we were very interested in having officials of the two Governments, including security officials, meet soon to discuss the general problem.

Mr. Ritchie stated that the view which External Affairs Minister Green had expressed to the Secretary was not an unconsidered one. Canadian security officials have examined all the aspects of the situation,

Source: Department of State, Central Files, 611.42321-SL/7-2659. Secret. Drafted by Carlson.

¹See Document 301.

Mr. Ritchie said, and neither they nor External Affairs Minister Green are unmindful of the security risks which could occur through the admission of Soviet Bloc ships. Mr. Ritchie added that External Affairs Minister Green was fully informed of the situation when he made the statement to the Secretary. Mr. Ritchie also stated that while cognizant of security aspects the External Affairs Minister and other officials believed that political and commercial considerations were important. The Canadian Government, therefore, as Mr. Green had pointed out, did not feel that it could contemplate discrimination against ships of one country. Mr. Ritchie said that it was not entirely clear as to whether the Canadian position was opposed to discrimination of any kind or whether the position was that only open discrimination was not favored. He explained that, for example, it might be that a Customs official would board vessels of non-communist origin but that in the case of Soviet ships the Customs officer would not be really from Customs. In short, Mr. Ritchie did not know whether the Canadian Government was opposed to what he termed "a kind of covert discrimination."

Mr. White commented that he did not know whether "discrimination" was the right word, but he pointed out that unless United States officials believed that the Great Lakes areas was being secured, they would not permit access to Soviet Bloc vessels. Therefore, he thought it was very important to hold discussions between Canadian and United States officials.

Mr. Ritchie questioned the value of having discussions held by technicians or security experts. It was explained to Mr. Ritchie that the Department did not intend to confine discussions to technicians and security experts but to include other officials and to discuss all aspects of the problem. Mr. Ritchie again mentioned that Canadian security officials had already fully considered security aspects. He also observed that the Canadian Government had followed a non-discriminatory policy toward Soviet ships calling at Vancouver, Montreal and other ports.

In reply Mr. White stated that the point really is that the concurrence of the two countries is necessary for any access to the Lakes. After a pause for reflection, Mr. Ritchie agreed with this observation and added that as a matter of speculation perhaps each country would have to take its own security measures and follow its own particular policy.

Mr. White pointed out that such a situation could come about but this possibility was another reason for the need to hold discussions. Mr. Ritchie stated that he would report the conversation to his Government but that any discussions would have to take place within the framework of External Affairs Minister Green's statement to the effect that the Canadian Government's policy was to oppose discrimination, at least any open discrimination, against Soviet Bloc ships.

303. Memorandum of Conversation

August 28, 1959.

SUBJECT

Operation "Sky Hawk"

PARTICIPANTS

Ambassador Heeney, Canadian Embassy
Mr. Rae, Canadian Minister
Mr. Kohler, EUR
Mr. Rewinkel, BNA
Mr. Byrns, BNA

On August 28 the Department received a memorandum from the Canadian Embassy stating that the Canadian Government was of the opinion that "Operation Sky Hawk" was not an appropriate exercise to be held at this time, without however precluding reconsideration at a later date.¹

Mr. Henderson and Mr. Kohler discussed the matter with General Twining and Admiral O'Beirne² and then Mr. Kohler called in the Canadian Ambassador to make our views known to him.

Mr. Kohler told the Canadian Ambassador that the exercise was most necessary as a valid test of the North American defense system; that it was approved personally by the President on August 5, after full consideration of political factors; that canceling Sky Hawk, which we consider a most important defense exercise, would result in frustration of negotiations with Soviets as it would indicate weakness on our part. Mr. Kohler made it unmistakably clear to the Ambassador that we were shocked at the view indicated in the Canadian memorandum that we could relax our defenses merely because Khrushchev was going to visit us.³ Talks between the heads of state and between foreign ministers might go on for a long time, and the United States could not afford to weaken its defenses during this period.

Mr. Kohler referred to a letter of August 5, which Air Vice Marshal Hodson, Operations officer at NORAD, sent to the Chief of the Air Staff in Canada⁴ acting in his capacity as executive agent for NORAD, asking him to obtain Canadian approval of "Operation Sky Hawk". The letter stated that approval on the United States side was being sought on the highest level.

Source: Department of State, Central Files, 742.54/8-2859. Secret. Drafted by Byrns.

¹ Attached but not printed.

² Admiral Frank O'Beirne, Director of Operations of the Joint Chiefs of Staff.

³ Khrushchev visited the United States September 15-27.

⁴ Not found in Department of State files.

There had been various consultations between officers of agencies of the two Governments, including FAA and the Canadian Department of Transport. The Pentagon briefed the U.S. transport associations on August 14, and these associations had notices ready to be mailed to their members. A Department of Transport representative was at the August 14 meeting, and it is assumed he would be informing Canadian civil air carriers of the exercise. As numerous people already know of the proposed exercise, a leak would almost certainly occur, with the fact that Canada disapproved the exercise indicating that there was a rift in NORAD. The Ambassador agreed with Mr. Kohler's view that this would be extremely serious.

The Ambassador held that "Sky Hawk" was not a normal exercise. It required disruption of civil air transport and notification to foreign governments. It differed in kind and degree from previous exercises, and was more likely to cause public comment. The Canadian Government has not committed itself as to whether the exercise should or should not be held, but it questioned the timing. The Ambassador said that the President's decision to move exercise to a date later than originally suggested indicated political factors involving timing were being taken into account. Mr. Kohler replied that the decision to delay was not political to that extent but that we thought it best not to ground civil transport while Khrushchev was touring the country.

The Ambassador said, in his opinion, the main basis of the memorandum is his Government's belief that it is most difficult to decide how long one should remain tough in dealing with the Soviets. He believed that nothing should be done, when the United States is making a supreme effort to exploit every avenue of accommodation, to introduce anything to disturb the negotiations. Mr. Kohler said that "toughness" was not the word; we are determined to negotiate with firmness, believing that accomplishments could be made only in an atmosphere of mutual respect. He said that he was certain that if the President were here, he would say that the exercise should go on, that any indication of relaxation would be a terrible set back in what he was trying to accomplish. The Canadian course, if carried to its logical conclusion, would be making concessions, before even coming to negotiations. If Sky Hawk is canceled, not only six months of work and millions of dollars are thrown away, but a leak would very seriously affect the President's position in his coming talks with Khrushchev.

[1 paragraph (7 lines of source text) not declassified]⁵

⁵ An extensive summary of this conversation was transmitted to Ottawa on August 28 in telegram 122, which indicated that in a second conversation on August 28 Dillon reiterated the points made by Kohler and that Heeney was seriously concerned by the manner in which the affair had been handled. (Department of State, Central Files, 711.5442/8-2859)

304. Telegram From the Embassy in Canada to the Department of State

Ottawa, August 29, 1959, 9 p.m.

144. Reference Department's 122 repeated London Tosec 13.¹ Spent two hours with Prime Minister afternoon August 29 explaining every aspect US view on Operation Sky Hawk. Reported shock caused by late date on which Canadian memorandum² received, by complete absence consultation by Canada, and by proximity of notice to proposed date of publicity concerning exercise. Pointed out President had personally reviewed program on August 5 and had approved it because of military importance and because of belief would be in interest free world by strengthening bargaining power in Khrushchev conversations. Also emphasized expenditure in preparation and planning and sought drive home idea that maximum unity and strength of free world behind President vital in present situation.

Prime Minister had already received accurate reports from Ambassador Heeney of our views. Prime Minister was much agitated and it was clear his views had been strongly influenced by two factors. First of these was late date at which he and other high officials heard of project. He stated he did not know of it until August 24 or 25, that Pearkes and Foulkes not until August 11 at time of McElroy visit³ and External not until report from Embassy in Washington August 13. (Explicit information on consultation process in and outside of NORAD would be useful to Embassy if Department has it available.) Second factor is that opposition criticism of NORAD has stressed theme that military people, primarily US, make decisions which are shoved down throats of Canadian civil officials. Record in this case appeared to confirm to him such criticism. Project was being planned for six months but only now came to attention of Prime Minister. This has led him feel Canadian Government not properly consulted on policy basis at sufficiently high level regarding project of more than routine nature.

At outset Prime Minister was adamant, stating that nothing could be more ill-timed in his judgment because it closes commercial airports and therefore attracts wide public attention and is likely to be construed

Source: Department of State, Central Files, 711.5442/8-2959. Secret; Niact. Drafted by Parsons. Also sent to London.

¹ See footnote 5, Document 303.

² See Document 303 and footnote 1 thereto.

³ McElroy visited Ottawa on August 11 to inspect NORAD facilities. A two-page memorandum, dated August 13, which discusses the results of his talks with Pearkes on this occasion, is in Department of State, EUR/CAN Files: Lot 69 D 302.

as sabre rattling. He said it would cause storm in press but went on to say that there would be no leakage of a difference of opinion in Ottawa, but that if the matter leaked elsewhere he would have to state that Canada was not consulted. Underlying his views on relationship Sky Hawk to Khrushchev visits appears to be basic feeling shared by many in External Affairs that it is important avoid any action capable being construed by Russians as provocative. This feeling sufficiently strong to obscure concept of importance of negotiation from position of strength.

Toward end of conversation he indicated his high regard and deep affection for President and his appreciation of enormous load President now carrying. He said he would be willing to resubmit project to Cabinet colleagues but no change in view likely unless some compromise could be developed. Specifically he suggested possibility of project without features which now appear require closing civil airports. He wondered if such compromise might be possible (I understand he is instructing Defense Minister examine project for this or alternative modifications).

Believe Prime Minister now in more reasonable frame of mind than earlier but note that he is firmly on record with all Ministers to effect that project is unwise. It is clear he sincerely believes project will make things worse for Khrushchev visits. He did appear to sound more willing to carry out full operation if occurred after visits. Probably his sense of Canadian public opinion in this matter is sound and probably influential journals would echo views he now expresses.

Believe change in his view regarding full-scale project extremely improbable but direct word from President might possibly be effective in persuading him to go along. Such recommendation would have added strength if there was evidence UK concurred in view.

Imperative avoid any public mention Sky Hawk until Canadian Government position clarified and agreement reached on what can be said publicly. Implications for future NORAD could be serious.

Wigglesworth

305. Telegram From the Embassy in the United Kingdom to the
Embassy in Canada

London, September 1, 1959, 10 p.m.

35. Following for immediate delivery to Prime Minister is letter from President. Advise date and time of delivery to Paris.

Begin: September 1, 1959

Dear John:

Since leaving Washington I learned of the decision of your Government to withhold its approval for the air defense exercise known as Sky Hawk which had been scheduled for early next month. As I am sure you have been told, I personally reviewed and approved the military training plans last month before the formal approval of the Canadian Government was requested. It seems to me of great importance to both of us that the defenses of our continent should be maintained in good order. The purpose of exercises such as Sky Hawk is to give ourselves realistic assurance on this score. I do not myself see anything provocative in such a defensive exercise, and from the point of view of my coming talks with Mr. Khrushchev, they should have no adverse effect. Indeed, the knowledge on his part and ours that we are determined and able to resist an attack certainly tends to provide an essential foundation for serious and, I hope, productive discussions.

I do hope, therefore, that you will again consider your decision in the light of these thoughts.

With warm regard, Sincerely, Ike."

Observe Presidential Handling.

Whitney

306. Telegram From the Embassy in Canada to the Department of State

Ottawa, September 6, 1959, 3 p.m.

158. Reference: London's 35 to Ottawa, Cahto 8, September 1,¹ and Embtels 150, 155, and 157.² Following message for President from Prime Minister delivered to Embassy 12:30 p.m. EDST, September 6, 1959.

"Dear Ike, I thank you for your personal message in regard to the proposed NORAD exercise Skyhawk. I immediately took it up with my colleagues in the cabinet and we gave it full and extensive consideration. That afternoon I asked our Secretary of State for External Affairs to inform your Ambassador that we felt unable to alter the conclusion we had reached earlier that it would be unwise to proceed with the exercise.

"Mr. Green explained to Ambassador Wigglesworth,³ as I had previously, our deep concern over the possibility that an exercise carried out at the particular time and on the scale planned would lead to a widespread assumption that it had been by extraordinary circumstances and that public opinion in Canada would become unduly alarmed and find it difficult to understand the need for carrying out a military exercise requiring the grounding of all civil aircraft at a time when, as a result of your initiative in exchanging visits with Mr. Khrushchev, there is an expectation of some improvement in east-west relations. My colleagues and I are also very much concerned that the true purpose of the exercise would be misinterpreted by the Soviet leaders at this particular juncture as a means of exerting pressure.

"It was with these considerations in mind, Mr. President, that I suggested that your military advisers might consider how the exercise could be modified so as to avoid the need to disrupt civil air traffic over North America. While fully realizing the importance of maintaining strong and efficient defences, the foregoing considerations impel me to

Source: Eisenhower Library, Whitman File, International File. Secret; Priority; Presidential Handling. A notation on the source text indicates it was seen by the President.

¹ Document 305.

² None printed.

³ On September 2, Ambassador Wigglesworth telephoned Dillon at 5:40 p.m. to say that he had spent an hour with Green "and didn't get any place" with regard to proceeding with Skyhawk. (Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199)

ask that you will entertain this suggestion favourably. With warm regards, John."⁴

Canadian classification foregoing is Secret.

Wigglesworth

⁴ On September 15, President Eisenhower replied that Skyhawk could not proceed without the grounding of civilian aircraft and informed Diefenbaker that he felt obliged to cancel the exercise. He expressed the hope that at some future date it could be run. (*Ibid.*, Central Files, 742.54/9-659)

307. Memorandum of Conversation

October 20, 1959.

SUBJECT

Suggestions for Improving Politico-Military Relations with Canada

PARTICIPANTS

Mr. Livingston T. Merchant, Deputy Under Secretary for Political Affairs
 Mr. John N. Irwin II, Assistant Secretary of Defense (ISA)
 Mr. Charles H. Shuff, Deputy Asst. Secretary of Defense (ISA)
 Col. David Crocker, OSD/ISA
 Mr. E.T. Long
 Mr. James P. Parker, BNA

Mr. Merchant explained that the Department had been studying possible ways of strengthening Canadian-US politico-military relations since Prime Minister Diefenbaker's disapproval of the NORAD Exercise Operation Sky Hawk. He said that while the Sky Hawk fiasco resulted largely from a breakdown in proper liaison between Canadian military and political channels, it also revealed a lack of appreciation and understanding on the part of Canadian Cabinet Ministers, particularly Mr. Green and the Prime Minister, of the joint aspect of our undertakings in continental defense. It has become evident that they tend to look upon NORAD as another U.S. Command and U.S. financed defense projects

in Canada as U.S. projects, rather than projects jointly regarded as necessary for the defense of North America.

Mr. Merchant said that with this background in mind, the Department had been studying possible ways in which to strengthen future Canadian cooperation in joint defense and he suggested the following as areas in which the Department felt action might profitably be taken:

1. Visits by Prime Minister Diefenbaker and other Cabinet Members to the United States, which would include installations such as NORAD, SAC, Headquarters CINCLANT and missile centers

Mr. Merchant pointed out that Mr. Green in particular was almost completely unfamiliar with regard to continental defense matters and that carefully planned trips at spaced intervals would be educational to him, the Prime Minister and other Cabinet Members. Since NORAD was a joint command, an invitation to visit NORAD Headquarters should of course originate from CINCNORAD rather than the U.S. Government.

2. Strengthening the Permanent Joint Board on Defense

Mr. Merchant pointed out that the work of the PJBD within the past year or so had been increasingly devoted to relatively minor matters, whereas previously it had passed on all important joint defense projects in Canada, thereby imparting a joint flavor to such projects even though the majority were built by U.S. funds and initially recommended by the United States. Today, however, the Board is bypassed on most projects and the Canadian Government is concerned with the large number of requests which to them appear to be unilateral U.S. requests for permission to establish more military installations on Canadian soil for U.S. purposes. The Department is interested in the views of the Defense Department as to the wisdom of trying to insure that the important joint defense items such as Sky Hawk are presented to the Board for consideration at an early stage.

3. Assigning U.S. and Canadian Political Advisers to NORAD

Mr. Merchant said that the assigning of Political Advisers to CINCNORAD and his Deputy would probably be of particular benefit to the Canadians since it would serve to prevent future breakdowns between the military and political channels as occurred in the Sky Hawk incident and would enable External Affairs to keep in close touch with NORAD operations. He asked Defense views.

4. Stationing an RCAF Squadron in the United States

Mr. Merchant said the Department recognized this might pose problems of logistics and cost which both of the Governments might not want to face but that we felt there would be at least a good psychological

advantage for the United States to extend an invitation to the Canadian Government to station an RCAF squadron at some nearby base in the United States.

5. Re-Admission of Canadian Officers at the National War College

Mr. Merchant said we felt very strongly that the time had come to readmit both the Canadian and British to the National War College. We realized the problems this posed with respect to resisting pressure from our other NATO allies to attend but he felt this could be dealt with without too much difficulty on the basis of common language and close co-operation in the nuclear field.

Mr. Irwin said that all of these suggestions would receive careful consideration in the Department of Defense. He observed that the present difficulties with Canada in the field of continental defense stem largely from a lack of close liaison between the military and civilian elements of the Canadian Government, and that this was something only the Canadians could correct.

With respect to the question of strengthening the PJBD, Mr. Irwin said that it appeared to be operating effectively in a lesser sphere of influence and that in upgrading its importance we would run the risk of added delays in obtaining Canadian approval of projects. Colonel Crocker pointed out that Service-to-Service cooperation was so excellent that the Services tended to by-pass the PJBD and he asked whether the State Department had in mind a lessening of this cooperation by having more items referred to the PJBD.

Mr. Merchant said that was not the Department's intention at all. The fact remained, however, that we have a political problem at Cabinet level in Canada with respect to joint defense matters and the Board could serve as a useful vehicle for bringing these matters to the attention of Diefenbaker and the Cabinet at an early stage and for putting a "Joint" stamp on projects which otherwise might appear to be U.S. creations to serve U.S. needs.

Mr. Shuff said that with regard to the stationing of an RCAF squadron in the United States, it might be possible to work out some scheme for rotating RCAF and USAF squadrons in Canada and the United States and thereby avoid many of the problems which would otherwise be involved in permanently stationing an RCAF squadron in the United States.

As for the question of re-admitting Canadians and British to the National War College, Mr. Irwin mentioned that increasing pressure was being brought from many sides on the JCS to change their position. He mentioned that he personally had been approached recently by the British regarding their desire to resume attendance at the War College.

Colonel Crocker added that he felt that only a directive from the Secretary of Defense to the Joint Chiefs would get them to change their present policy of excluding Canadian and British attendance at the War College.

Mr. Merchant thanked Messrs. Irwin and Shuff and Colonel Crocker for their comments and said he would get together with Mr. Irwin again in approximately two weeks, after Defense has had an opportunity to study the suggestions.¹

¹ No record of any further discussion of this question has been found in Department of State files.

308. Editorial Note

The second meeting of the U.S.–Canada Ministerial Committee on Joint Defense was held November 8–9, 1959, at Camp David, Maryland. Secretary of State Herter and Secretary of Defense Gates led the U.S. Delegation, while Secretary of State for External Affairs Green, Minister of Finance Fleming, and Minister of National Defense Pearkes led the Canadian. [*text not declassified*]

An 11-page summary record of the meeting is in Department of State, Conference Files: Lot 64 D 559, CF 1729. For text of the joint communiqué issued at the conclusion of the meeting, see Department of State *Bulletin*, November 30, 1959, page 789.

The Canada–U.S. Permanent Joint Board on Defense met at Eglin Air Force Base, Florida, January 18–21, 1960, to discuss questions of mutual concern. During the 4-day meeting, the Board considered overflights, biological warfare, nuclear weapons, research facilities, civil defense, defense production sharing, and military service reports. A 20-page journal of the discussions and decisions is in the Eisenhower Library, White House Central File.

309. U.S. Delegation Record

Undated.

JOINT UNITED STATES-CANADIAN COMMITTEE ON TRADE
AND ECONOMIC AFFAIRS

WASHINGTON, FEBRUARY 16-17, 1960

Agenda

February 16—Afternoon (2:30 p.m.—6:00 p.m.)

- I. Economic Outlook for Canada and the United States
- II. International Economic Policies and Prospects
 - a) Follow-up Paris Economic Meetings, January 12-14
 - 1) Consultation Among Capital Exporters
 - b) Progress in Removal of Discriminatory Restrictions
 - c) Problems of Low-Cost Imports
- III. Canada-United States Trade

February 17—Morning (9:00 a.m.—12:30 noon)

- II. International Economic Policies and Prospects (Continued)
 - a) Follow-up Paris Economic Meetings, January 12-14
 - 2) Trade Problems
 - 3) Reconstitution of OEEC
- III. Canada-United States Trade (Continued)
 - a) Subjects to be raised by Canada
 - b) Subjects to be raised by the United States

February 17—Afternoon (2:45 p.m.—3:30 p.m.)

- IV. Communiqué
- V. Other Business

[Here follows a list of U.S. and Canadian participants.]

Meeting of February 16, 1960

Secretary Herter called the meeting to order at 2:30 p.m. February 16th. After welcoming the Canadian members of the Committee, the Secretary suggested that there be no press stories until the communiqué. This was agreed.

Economic Outlook for Canada and the United States [Agenda Item I]¹

Secretary Anderson described U.S. economic conditions in 1959 and the outlook for 1960:

Despite the steel strike, business in the United States continued to advance during 1959, establishing new record levels for production, employment and income. 1960 also promises to be one of record growth. Gross national production in fiscal year 1961 is expected to be \$510 billion.

The government's fiscal position has shown a notable improvement. The budget for the present fiscal year is expected to show a small surplus of \$200 million in contrast to the large deficit of \$12.4 billion in the preceding recession year. For the fiscal year 1961, a surplus of \$4.2 billion is expected.

Overall, prices have been stable over the past year. The United States Government believes that inflation can and must be kept under control. That the public understands this is shown by the recent fall in stock market prices, which seems to be directly related to the announcement of a budget surplus. There is no longer a general belief that inflation is inevitable.

The Federal Reserve credit policy kept pressure on the banks so that the rise in the supply of money was limited to \$1/2 billion or 1/2 of one percent. This occurred at a time when total loans of all commercial banks rose by \$12 billion and the total volume of credit expanded by \$60 billion.

Secretary Mueller supported Secretary Anderson's presentation of domestic economic developments, adding details on the growth of output in specific lines during 1959. He pointed out that 1960 would be a record year with the annual rate of \$500 billion GNP reached by early fall.

United States Balance of Payments

Secretary Anderson described the U.S. balance-of-payments developments in 1958 and 1959. He noted that in 1960 the U.S. balance-of-payments position is expected to improve substantially, though, in part, this will be due to certain temporary favorable factors affecting exports. One new factor is the speed with which new technology spreads. It used to take ten years for foreign countries to imitate U.S. technological developments. The time has been considerably cut, in large part, through U.S. foreign subsidiaries and licensing arrangements. In 1959, royalties from abroad earned \$300 million for the U.S.

There has been an increase in international confidence—in confidence that the U.S. balance-of-payments problem is manageable and

¹ All brackets noting agenda item numbers are in the source text.

that the U.S. Government is taking the necessary measures to avoid inflation and thereby reduce our international deficit.

The United States does not take a pessimistic view of its current international economic position. We are, however, aware that we have a serious problem. We are taking steps to meet it, through the control of inflation at home and through measures to increase, and not restrict, multilateral trade.

Canadian Economic Trends and Outlook

The Minister of Finance, Mr. Fleming, explained that the Secretary of State for External Affairs was sorry that he was unable to be present but that he had to participate in a debate on foreign affairs in Parliament.

Mr. Fleming described Canadian economic developments:

The United States has tremendous influence on the Canadian economy. As a result, there is a great similarity in the trends in both economies.

In 1959, all Canadian economic indicators established records—employment, production, income, consumption, savings and exports hit all-time highs. GNP advanced 7 percent over 1958 in money terms and 5 percent in real terms.

While unemployment has been reduced in Canada, it is still a cause for concern. It has risen in the winter months, normally a seasonal high, to 5 percent of the labor force. The U.S. steel strike was serious for Canada as it caused some shut-down in Canadian factories.

Like the United States, Canadian policy has been directed towards fighting inflation. It has been successful. The price level in 1959 rose 1-1/2 percent while wholesale prices were unchanged over the year, partly as a result of the decline in food prices.

The rapid rate of economic expansion in the eighteen months to 1959 caused serious financial strains through increasing the demand for capital and for short-term credit. Commercial loans increased by 25 percent last year. Interest rates continue high.

The Federal Government would like to withdraw from borrowing on the capital markets, leaving this field to local and provincial governments and business. The large sales of Federal Government bonds in 1959 were pleasing evidence of confidence in the government's economic policies.

Canada has a substantial trade deficit in 1959 with all countries in general and with the United States in particular. The press was concerned about the size of the deficit with the United States, especially in the third quarter, but the increase in exports in the fourth quarter reduced press concern.

In spite of the large trade deficit, the Canadian dollar is at an embarrassingly high premium over the U.S. dollar. This premium

(4-3/4 percent) removes a substantial proportion of the protection provided to Canadian industry by its tariff. The strong position of the Canadian dollar is attributable to the high rate of foreign investment. The Minister noted that, in spite of all the Canadians have said on the subject, they welcome foreign capital. In fact, the Government would continue to improve the climate for foreign investment in Canada.

Mr. Fleming praised Mr. Dillon's recent initiative in the field of trade in Western Europe² and emphasized that the present strength and unity of the free world economy resulted in large part from U.S. leadership and, more specifically, the Marshall Plan.

Secretary Anderson raised the question as to how the increase in the Canadian labor force was divided between a natural increase and immigration.

Mr. Fleming noted that the sharpest increase in the labor force took place in the recession year of 1957 with 250,000 immigrants—largely from Britain after the Suez episode. In 1959 immigration was only 100,000, having been cut back deliberately.

The Minister of Trade and Commerce, Mr. Churchill,³ supplemented Mr. Fleming's comments on foreign trade. In particular, he mentioned that Canada was not worried about a deficit as long as U.S. capital financed it.

[Here follow sections on the Communist economic offensive, consultation among capital exporters, progress in removal of discriminatory restrictions, problems of low-cost imports, economic meetings in Paris, and reconstruction of the OEEC.]

Canada-United States Trade [Agenda Item III]

Welland Canal [Agenda Item III (b)]

Mr. Dillon opened the discussion of this Agenda Item with a brief introductory statement in which he expressed gratitude for such action as the removal of the magazine tax in 1958, and stressed the United States' concern with the problem posed to St. Lawrence Seaway traffic by the inadequate size of the Welland Canal. During the 1959 shipping season, there was evidence of congestion, and, within the next five years, seaway traffic is expected to swell to a volume exceeding the Welland's maximum capacity. The United States is interested in plans the Canadian Government may have for doubling the present Canal's sin-

² For text of Dillon's statement to the Paris Special Economic Committee, proposing reorganization of the OEEC, January 14, see *American Foreign Policy: Current Documents*, 1960, pp. 319–326.

³ Gordon Churchill.

gle locks, and any other plans they may have for expanding the Canal's capacity on a realistic basis.

Mr. Fleming replied that the Canadian Government has a whole-some appreciation of the importance of the traffic which the Canal serves. He recalled that this is an old matter, half of the Canal having been constructed in the previous century and half in the present century. The Canadians recognize that last year, the first year of its operation as a part of the St. Lawrence Seaway, bottlenecks developed. However, to double the facilities would be an expensive task. He remarked that Canada has borne the entire cost of building this canal. The Government has undertaken some steps to improve the situation and will spend about 7-1/2 million dollars this winter to create by-pass areas to expedite the movement of ships between locks. He stated that they hope to complete these improvements this year and that the operation of the Canal will be watched closely. He also noted the pressure to make the canal toll free, an impossibility once it was considered part of the St. Lawrence Seaway, a joint project.

Agricultural Items [Agenda Item III (a) and (b)]

Mr. Dillon noted that the first item to be taken up in bilateral trade matters concerned agriculture and invited the Canadians to open the discussion.

Mr. Harkness⁴ began his remarks by taking note of the improvement that has taken place in agricultural matters between the two countries during the past year. Many problems had been resolved, he said, and he wished to raise only a few matters. He recalled that there had been some discussion at the last meeting⁵ about an amendment of the *Canadian Customs Act* relating to the value for duty purposes of *fresh fruits and vegetables*⁶ which he said permits increased protection for Canadian fruits and vegetables when, at the end of the season, the price of such items in the country of export (the United States) has declined. He pointed out that a real problem exists for Canada, since the Canadian harvest is just starting when the U.S. harvest is at its peak or has just passed. Therefore, the U.S. prices are low and cut into the earnings of the Canadian growers, who must reduce their prices to meet this competition. To alleviate this situation, a formula has been devised which, Mr. Harkness said, is not as restrictive or rigid as the provision previously in the Act.

⁴ Douglas S. Harkness, Canadian Minister of Agriculture.

⁵ See Document 294.

⁶ Section 40(a)(7)(b). [Footnote in the source text.]

As the Americans are aware, Mr. Harkness said, the Government has not proclaimed this section of the Act although it was passed over a year ago. The Government is under pressure to proclaim it, and wishes to do so, but first wanted to consult with the United States and, if possible, obtain agreement on this matter. He pointed out that proclamation would merely put the existing section into effect, but that this action would not of itself change existing customs treatment of fruits and vegetables. It would only be used if a situation arose which made it necessary to do so, in which case they would consult with the United States, keeping in mind the emergency situation which might arise in marketing of perishables. He said that their fruit and vegetable trade people have been in touch with their U.S. counterparts in industry and have received support for this proclaiming action. He added that the provision is not designed to prevent entry of the U.S. product, but rather to raise the price level of the product to Canada, and that the U.S. growers were not necessarily opposed to this feature. He did not think this would affect exports to Canada.

Taking up other agricultural matters, Mr. Harkness observed that in view of world price developments, the Canadians hoped the United States could relax some of its restrictions (1) under the GATT Waiver and (2) on flax and linseed oil. He added that there are sales of flax and linseed oil at prices above the support price; still the United States imposes an import fee of 50% in addition to the basic duty, and this fee acts as an embargo.

Mr. Harkness also stated that Canada would like a larger quota on cheddar cheese. When the United States set its quota on this product at 50 percent of previous imports from all countries, this resulted in cutting down imports from Canada, as an individual supplier, by more than 50 percent. Canada would like consideration for an increase in its quota.

The next item mentioned by Mr. Harkness concerned a tax provision which requires U.S. race tracks to withhold 30 percent of the purse in cases involving countries which do not have a tax agreement with the United States, but only 15 percent of the purse with countries that do have a tax agreement. There is a Canada-United States tax agreement, but some tracks have been improperly withholding 30 percent.

Mr. Dillon observed that Secretary Benson, who would normally speak on agricultural problems, was unable to attend the day's meeting because of illness but that Mr. Miller, Assistant Secretary of Agriculture,⁷ would speak for the U.S. side. In passing, Mr. Dillon said he wished to express appreciation for the fact that no action had been taken under the amended fresh fruit and vegetable provision. He recalled that

⁷ Clarence L. Miller, Assistant Secretary, Department of Agriculture.

our GATT experts felt that application of this provision would be inconsistent with Article VII of the GATT, and he deemed it important that the United States and Canada who placed great store in the GATT stick to it. He agreed that the way this provision affected us depended not on the proclamation, but on its use on individual items and emphasized the importance of advance consultation.

Mr. Miller emphasized USDA's interest in the fruit and vegetable problem and stressed the desirability of prior consultation.

Regarding flax, he said our situation has improved in 1959 and we may be able to consider adjustment of the restriction, but first want to see what the planting intentions for the coming season are.

With respect to cheese, we have recommended to the Tariff Commission that restrictions on several types of Italian and Dutch cheeses be relaxed. While cheddar cheese competes more closely with the U.S. product, it does not at present create a problem, since we are utilizing about all we take in. When the situation warrants, we may be able to suggest similar action on cheddar to that which we have taken on Italian and Dutch cheeses.

Mr. Dillon suggested that Mr. Scribner,⁸ Under Secretary of the Treasury, answer on the race track problem. Mr. Scribner undertook to have the Treasury Department look into it. Mr. Harkness suggested more explicit directions to race tracks.

With regard to the general agricultural situation, Mr. Miller read a prepared statement of Secretary Benson at this point. (See JEA D-1/2)⁹

Mr. Harkness thanked Mr. Miller for the broad outline of U.S. agricultural prospects and noted that the United States has the question of revising flax seed quotas under consideration. He expressed appreciation for Agriculture's efforts in limiting state embargoes on imports of sheep.

With regard to the Canadian turkey quota mentioned in Secretary Benson's statement, he stated that Canada still has a support price and, while the market price has swung in the reverse direction from that prior to November 1959, Canadians are aware that the United States is estimating production of 6 percent more turkeys in the coming year. In view of these prospects and the Canadian price support, they are loathe to remove the import control, but are prepared to give full consideration to this matter.

⁸ Fred C. Scribner.

⁹ A copy of Benson's five-page statement is in Department of State, Conference Files: Lot 64 D 559, CF 1594.

Equalization Payment on Exported Cotton Products [Agenda Item III (a)]

Mr. Fleming took note of the U.S. view that the equalization payments are made to introduce balance into the subsidy on raw cotton, but stated this gives cold comfort to Canadian textile manufacturers affected by these payments. The Canadian position was set forth in the Aide-Mémoire dated October, 1959¹⁰ and this has been followed by meetings of industrial representatives from both countries. The Canadian industry reports that its views "are unanswerable," and that is where the matter stands. The Government is under pressure since most sectors of the textile industry have had difficulties. It is Canada's feeling that U.S. exporters are strongly taking advantage of the equalization payments. The question has arisen about application of countervailing duties to eliminate the U.S. exporters' advantage, but he declared that the Canadian Government is not actively considering imposition of such duties. Such action would be considered only if the Canadians were driven to it.

Nevertheless, this continues to be a matter of concern, particularly in view of the declared policy of the United States to undertake an export drive. He pointed out that Canada already sustains a huge deficit in trade with the United States, and if the cotton equalization payments are taken advantage of to stimulate exports, the pressure upon the Canadian Government would be very great. He mentioned that Canadian firms feel that American parent corporations, as a result of the payments, take business that belongs to Canadian suppliers.

In sum, Mr. Fleming said, the Canadian textile situation has not worsened; the Government is not actively considering resort to countervailing duties. Mr. Fleming took the occasion to express the hope that any new U.S. export trade drive would not be directed at Canada.

Secretary Mueller set forth the U.S. position as follows: As a result of the domestic agricultural policy on raw cotton, our domestic mills have to pay a higher price for raw cotton than do foreign mills which buy U.S. cotton at the world market price. This differential amounts to 8–9 cents more per pound for the U.S. mill, which must compete in the world textile market against foreign mills that have purchased this cotton at the cheaper price. The United States simply pays the differential on the cotton content of the finished product so that the U.S. mill will not be at a disadvantage. Secretary Mueller emphasized that he did not see where the Canadians had cause for complaint since the equalization payment merely puts our mills on an equal footing with foreign mills.

¹⁰ A copy of this aide-mémoire was transmitted as an enclosure to a despatch from Ottawa dated October 2, 1959. (*Ibid.*, Central Files, 442.116/10-259)

Mr. Fleming said the Canadians were concerned with the fact that even if the U.S. mill sells at fair market value, it gets a larger return from the Canadian sale than on a domestic sale, and this induces exportation to Canada. Secretary Mueller replied that from that point of view he was not sure what the mills do, but if they sell at a low price (i.e., pass on the equalization payment) they are faced with a dumping charge. He then explained that as far as the U.S. export drive is concerned we are going to be vigorous, but our efforts are going to be aimed primarily at new items; we are going to seek out products and producers not presently interested in exports. We do not want to disturb our Canadian relations by such means as utilizing the equalization payments for increasing exports.

Minister Fleming said that Canada could live with the U.S. cotton product export program in good times but not in bad times, since experience showed that U.S. exporters drive harder for the export market during recessions. If times changed, pressures would increase to do something about the U.S. program. Mr. Paarlberg¹¹ pointed out that we have legislation on the books which will diminish the differential between the world market and U.S. price for raw cotton, and that the aggravation caused by this differential should gradually diminish.

Mr. Miller endorsed Secretary Mueller's comments about the program and emphasized that the United States does not intend to use the payments in its drive for exports.

Special Problems

Mr. Churchill prefaced his introduction of special problems with remarks about the primary purpose of these meetings, which is to discuss trade relations between the United States and Canada. The value of these meetings, he said, is in essence that we have reached a situation where disruption of trade is less likely to happen. In Canada there is still a latent fear, based on past experience, of an abrupt termination of trade in some areas with the United States. The present meetings provide a safeguard against this sort of thing. He added that Canada must still look widely abroad for markets and is much concerned about protectionism in the Six. Regarding U.S.-Canadian trade, the items he wished to raise were non-controversial.

Surplus Disposal [Agenda Item II (a)]

Mr. Churchill observed that the question of wheat was pretty well covered in Secretary Benson's statement, but added that Canada is grateful for the U.S. efforts to curtail barter, particularly with Canada's

¹¹Don S. Paarlberg, Special Assistant to President Eisenhower.

customers in Europe. If the United States continues this policy they have no reason for complaint.

He declared that the Canadian surplus problem is roughly equal to that of the United States, considering the sizes of the two countries. The Canadians have a surplus equivalent to one year's exports plus consumption.

He commended the work of the Wheat Utilization Committee and said he believes the meetings between officials are excellent.¹² He also commended the U.S. efforts to get non-wheat-eating countries to consume wheat and expressed the hope that as new markets reach the commercial market stage, the Canadians will not be left out.

Mr. Miller, for the United States, agreed with Mr. Churchill's statements concerning the wheat program. He added that we have been able to increase consumption of wheat and, as these countries' ability to buy improves, we expect to phase out the surplus disposal programs since we do not want to take over commercial markets. The United States is pleased with the barter program at the present time and has been able to withstand pressures for establishing a high dollar goal for barter disposals. We also think the Wheat Utilization Committee has served well.

Oil and Gas [Agenda Item III (a)]

Mr. Churchill's comments on U.S. action under the petroleum import program were laudatory. He expressed the hope that we would be able to maintain the present position of permitting imports to District V. He observed that the Canadian petroleum industry is largely financed by U.S. capital and can now supply almost all of Canadian demand as well as substantial portions of U.S. demand, and called attention to the importance of petroleum resources to the common defense.

Turning to the situation in natural gas, Mr. Churchill said Canada has set up a National Energy Board (NEB) whose primary current concern is control over exportation of natural gas to the United States. He noted that the Board maintains close liaison with the Federal Power Commission (FPC). In this area, problems peculiar to a product like gas could arise in the future. For example, a cut-off in supply would cause serious disruptions. With this in mind, he recommended: more complete information on both sides including such features as length of contracts, price levels, areas to be served, etc. He suggested, as a means of avoiding trouble, that when decisions are made regarding exports, this should be reported through diplomatic channels so that the govern-

¹²The Wheat Utilization Committee was established by the "Food for Peace" Conference of the major wheat-exporting countries at their May 4–6, 1959, meeting in Washington.

ments are informed. This intergovernmental exchange would be in addition to liaison between the NEB and the FPC.

Secretary Seaton agreed that it would be useful for the United States and Canada to have frequent meetings in this field. The Federal Power Commission is our primary agency concerned, but the Interior Department is willing and eager to be of assistance, he said. There are a number of cases pending on imports of gas from Canada. Mr. Dillon also referred to the pending cases, and observed that our FPC cannot make a valid decision without knowing of the decisions made by the NEB and vice versa. He concurred with Secretary Seaton's and Minister Churchill's statements regarding the desirability of exchanging information to a maximum degree. Secretary Seaton added that a prompt exchange is necessary in view of the fear which other fuel interests, such as the coal and railroad people, have of gas imports. Secretary Mueller observed that natural gas displaces six million barrels of petroleum a day, and imported gas displaces 400,000 barrels daily.

Magnesium and Uranium [Agenda Item III (a)]

Mr. Churchill started off this discussion by making a passing reference to magnesium, which he said Canada would like to discuss with the United States in the near future. This was essentially a customs tariff problem and he hoped officials might examine the difficulties later.

Regarding uranium, he said he would like to know whether the U.S. position remains the same as indicated in the exchange of notes.¹³ He then referred to the large crash program which the Canadian industry had undertaken based on five-year contracts, and mentioned that the options held by the United States could still be taken up. (The United States has released options to purchase additional Canadian uranium when present contracts expire.) The five-year contracts are running out and there is concern in Canada for the future. The stretch-out of existing contracts negotiated last year is helpful, but the industry faces contraction, and the Canadians wish to know whether there is any change in the forecast.

Secretary Seaton indicated that there has been no significant change in the outlook for uranium. He asked whether the producers had managed to amortize their investment. As far as the uranium situation is concerned, it is equally bad on both sides of the border. Our producers, especially out West, are touchy about imports. Speaking on behalf of the Atomic Energy Commission, he declared that should the regulations change, we would not, of course, forget the Canadian situation. Minister Fleming alluded to the fact that the opposition in Canada has used the declining position of the uranium mines as a political football, and Mr.

¹³Not further identified.

Churchill concluded by saying that U.S. action on the stretch-out program has been helpful.

Lead and Zinc [Agenda Item III (a)]

Mr. Churchill said that he simply wished to restate the Canadian position of a year ago when Canada raised objections to the U.S. restrictions on imports of lead and zinc. Canadian producers tell him that the United States pressures them for production and then cuts down as soon as surpluses appear. He mentioned that the Canadians were quite satisfied with the UN Committee's work.¹⁴ Their information indicates an improvement in the zinc situation and he wondered whether the United States could see its way clear to lift the restrictions on imports. Canada does not accept the arguments for a quota under Article XIX of the GATT, he continued, and a permanent quota would have a bad effect. (When these notes were reviewed with the Canadian Embassy, Michel Dupuy suggested the deletion of this sentence in view of comments from Ottawa.)

Mr. Seaton, in reply, said that the United States shared the satisfaction of the Canadian authorities on the steps which had been taken in the United Nations on lead and zinc. He felt that the production understandings in that group had helped the world zinc situation but that lead was still in difficulties. He said that he was not going to reiterate the historical basis for the present quotas, but he wished to draw attention to the fact that these quotas had been introduced after two Tariff Commission recommendations. At the moment, the Administration was in the position of fighting a rearguard action, with another Tariff Commission investigation requested by the Senate expected to be completed by the end of March. Mr. Seaton mentioned the heavy pressure being put on the United States Government by the domestic mining industry requesting tariff increases to bring the tariff on metal to 4 cents a pound, and on ores and concentrates to 2.8 cents per pound. The Administration was not supporting this demand.

As far as the United States was concerned, lead production had increased by 5 percent since the quotas were introduced and the price had risen by 1 cent. Zinc production had not gone up but this would not have been the case if the industry had not had labor difficulties during 1959.

Mr. Seaton said that the United States did not consider the present quotas to be permanent, but he could not hold out any substantial hope that they could be rescinded in 1960. The Administration was in the po-

¹⁴Reference is to the U.N. Lead and Zinc Study Group Report, Document #7, which was published on February 19, 1960.

sition of having to restrain the legislative branch from setting up further barriers to the import of these metals.

Mr. Seaton said that the United States felt that Canadian lead and zinc exporters had not done too badly under the present arrangements. In lead, Canadian exports of both metal and ores and concentrates to the United States were the highest since 1954. Zinc shipments in 1959 were at their highest level since 1956. He concluded by saying that with firming prices and continuing efforts by the United Nations Committee, some relaxation, if not revocation, of the quotas could be considered. However, he warned that nothing was likely to happen at least until early 1961.

Regarding the oil question, Secretary Seaton said that he thinks Canada can look forward to continued free entry into District 5.

Charges for Overflights [Agenda Item III (b)]

Mr. Dillon began by saying that the United States was raising two items of a technical nature, both of which have been the subjects of notes to the Canadian Government. The U.S. side did not expect to go into detail, but wished to emphasize their importance.

The United States, Mr. Dillon said, is especially concerned over the recent imposition of a charge of \$64 on international flights over Canadian territory (for navigation facilities). This charge is in addition to a previous \$20 fee imposed for the use of Canadian telecommunications. While we do not contest the legal right to impose these charges, this has caused complaints and leads to confusion in international air transport. We consider the heavy overflight charge a bad precedent for other countries.

Mr. Fleming replied that he is sorry this presents a problem and, as he understands it, there are three elements in the U.S. view. These are that the user charge sets a bad example, that this can turn an operating profit for U.S. airlines into a deficit, and that the U.S. Treasury is interested because it has opposed imposition of civil air charges of a similar nature by the United States. Mr. Fleming explained the Canadian action along the following lines: the cost of supplying air services has increased, the extended range of modern aircraft makes for fewer landings in Canada; therefore, the landing charges do not compensate for the supplies and services that are furnished to aircraft which overfly Canada. The Canadians are faced with hard realities and draw attention to the fact that other countries make charges similar in principle. Canada, therefore, feels they have every reason to do so. He noted that the legality of this charge was not questioned. Canada has received no complaints from other countries.

Secretary Mueller asked whether the charges apply to the West Coast, and Mr. Fleming said they are only on overflights along the At-

lantic Coast. Mr. Dillon closed the discussion by declaring that the United States can see the Canadian arguments on this question, but the issue is of some moment to the United States and he called attention once more to the note we have presented to the Canadian Government on this matter.¹⁵

Restrictions on U.S. Trucking [Agenda Item III (b)]

Mr. Dillon raised the subject of the recent change in Canadian customs regulations governing the movement of American trucks making deliveries across the border. He noted that this was a rather technical question, but that there are no similar restrictions on Canadian trucking in the United States, and that the United States hopes something can be done to alleviate the situation.

In reply, Mr. Fleming said that the change in the customs regulations to which Mr. Dillon referred was made in March 1959, and it was aimed at controlling more carefully U.S. carriers delivering goods in Canada with vehicles which have entered Canada on a non-duty-paid basis. Canada had received a U.S. note on this subject on February 5¹⁶ and he was hopeful that a formal reply would be available soon. He explained that difficulties had arisen in this connection because of the impossibility of keeping a close check on individual trucks from the U.S. entering Canada to deliver goods at a number of points. It had been found that some trucking lines, in addition to delivering U.S. goods to Canadian points, were also picking up Canadian goods at one Canadian point and delivering them to another destination in Canada. This meant that some American trucking companies operating non-duty-paid vehicles were competing directly with Canadian carriers and the regulations issued in March 1959 were designed to prevent this practice. The new regulations restrict the unloading of goods carried by U.S. trucks and cleared at the border to one further point in Canada. Because there had been some difficulties in the operation of this regulation, some minor changes were made on January 1, 1960. Mr. Fleming assured the U.S. representatives that the Canadian authorities had had discussions with U.S. and Canadian trucking organizations before setting out this new Canadian customs regulation.

Telegraphs Act [Agenda Item III (a)]

Mr. Fleming said that he wished to take advantage of the meeting to provide advance notice to the United States of the intention of the Cana-

¹⁵ A copy of this note, dated February 11, was transmitted as an enclosure to despatch 735 from Ottawa, February 11. (Department of State, Central Files, 942.7200/2-1160)

¹⁶ A copy of this note was transmitted as an enclosure to despatch 712 from Ottawa, February 8. (*Ibid.*, 442.002/2-860)

dian Government to proclaim Part 4 of the Telegraphs Act. This would likely take place on February 24th, with Part 4 of the Act to become effective March 1st, 1960.

He explained the background and meaning of this action as follows: there is a Commonwealth Communications System to which Canada is a partner. The system cannot sustain itself unless the lucrative portions of the system support the non-profitable portions. The United Kingdom has agreed to help the system by including its UK-US revenues from the new cable to the United States in calculations of Commonwealth system revenues. For its part, the Canadian Government has decided that some regulations of foreign-owned companies which provide international overseas communications in Canada is necessary if Canada is to remain a part of the Commonwealth system. The Canadian Government therefore proposes to adopt the following policy under the authority of the Telegraphs Act:

1) All international communications companies operating in Canada would be required to use direct overseas circuits to and from Canada rather than indirect routings via the United States unless special Ministerial authority is given to the contrary.

2) Subject to this principle, existing foreign-owned companies would be permitted to carry on their present activities in the field of international overseas message telegraph traffic freely; also, subject to Ministerial approval, to carry other classes of telegraphy communication to and from places which cannot be adequately served by the Commonwealth system.

Mr. Fleming pointed out that, even with these restrictions, United States companies operating in Canada will have advantages not given to Canadian companies in the United States. He also referred to negotiations which are currently progressing regarding submarine cable landing rights in Hawaii.

Communiqué [Agenda Item IV]¹⁷

Agreed as released.

Other Business [Agenda Item V]

Mr. Fleming expressed the satisfaction of the Canadian Ministers at the outcome of the meeting. It had been constructive and agreeable with discussions being carried out in a most relaxed atmosphere. Mr. Fleming thanked the Chairman and his associates and assured them the Canadian Ministers looked forward to greeting them all at the next meeting of the Committee in Ottawa.

¹⁷For text of the final communiqué, see *American Foreign Policy: Current Documents*, 1960, pp. 305-308.

Mr. Dillon replied that U.S. representatives regarded the meetings of the Committee as unique in many ways. He also expressed appreciation of the atmosphere that had prevailed throughout and the U.S. representatives' pleasure in returning the hospitality they had enjoyed during the previous meeting of the Committee in Ottawa.

310. Memorandum of Telephone Conversation Between President Eisenhower and Secretary of State Herter

April 8, 1960.

11:55—The President telephoned to say he had just been reading about our deteriorating relations with Canada, which was something he had not been aware of; that we have done so much to keep good relations. The Secretary said he had not been aware of this either; that we have had many meetings with the Canadians and they all went off well. The President said he has not had Diefenbaker down here and, while he is merely a Prime Minister, the President thought he could give him a little more of the red carpet treatment since he is the Prime Minister of such a close neighbor. The President said if we could get him down, the President would be glad to give him a dinner, but would try to avoid Diefenbaker returning the dinner. The President said if he had him for some conversations and a dinner that that would be all he would need to do. The Secretary agreed and said he thought Diefenbaker would be very pleased if this could be worked out. After a brief discussion of how best to approach Diefenbaker, it was agreed it would probably be best for the Secretary to talk with Ambassador Wigglesworth in Ottawa.¹

[Here follow three paragraphs summarizing two subsequent telephone calls between the President and the Secretary of State.]

Source: Eisenhower Library, Herter Papers, Telephone Conversations. No classification marking.

¹ In subsequent telephone conversations with the White House and Ambassador Heeney, Herter discovered that no date for Diefenbaker's visit could be found until June when the Prime Minister would be visiting De Pauw University to accept an honorary degree. The meeting was then scheduled for June 3. (*Ibid.*, Dulles–Herter Series, and Project Clean Up)

311. Memorandum of Conversation

US/MC/42

April 14, 1960, 2:15 p.m.

FOREIGN MINISTERS MEETING

Washington, April 12–14, 1960

SUBJECT

Columbia River Negotiations

PARTICIPANTS

Howard C. Green, Secretary of State for External Affairs, Canada¹
Norman A. Robertson, Under Secretary of State for External Affairs
Arnold Heeney, Canadian Ambassador to U.S.
Christian A. Herter, Secretary of State
Livingston T. Merchant, Under Secretary for Political Affairs
Foy D. Kohler, Assistant Secretary, EUR
Ivan B. White, Deputy Assistant Secretary, EUR
Delmar R. Carlson, BNA

Mr. White asked whether Senator Mansfield had mentioned the Columbia River problem during his conversation with Mr. Green earlier in the day.² Mr. Green said that there had been a brief discussion of the Columbia, in which the Senator had exhibited an extremely fair and considerate attitude. Mr. Green had the impression that the Senator would not block ratification of a Columbia River treaty if Libby Dam were not included.

Mr. Green suggested that at the present time the above impression was academic because in the negotiations consideration was being given to including Libby Dam. He added that he had the impression that Columbia River negotiations were progressing well. Mr. White pointed out that although progress was certainly being made, there were still a number of problems to be resolved, including internal ones on the United States side.

Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Confidential. Drafted by Carlson and approved in M on April 22 and in S on April 25. The meeting was held in Secretary Herter's office. Eleven memoranda of conversation were prepared for this meeting; see Documents 312–315. The other memoranda cover the summit meeting (US/MC/40), Law of the Sea (US/MC/41), the U.K. missile program (US/MC/46), economic aid for underdeveloped areas (US/MC/48), disarmament (US/MC/49), and nuclear testing suspension (US/MC/50). All are in Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199.

¹ Green was in Washington for a meeting of various NATO Foreign Ministers in preparation for the forthcoming summit meeting between President Eisenhower and Chairman Khrushchev in May at Geneva.

² No record of this conversation has been found in Department of State files.

Mr. Green inquired whether there is a possibility of ratification of a treaty during the present session of Congress. Mr. White replied in the negative and observed that the drafting of a Columbia River treaty will be a major operation. He mentioned the possibility, which had been discussed with the Chairman of the Canadian Delegation, of devising a formula which could be announced earlier and then be followed by the production of a treaty by the fall. Mr. Green thought that this course of action would be extremely helpful in keeping the situation in British Columbia under control. Mr. Green added that the British Columbia Government had been cooperating fully with the Canadian Government on the matter of the Columbia but that the Canadian Government was not completely certain as to how long such cooperation would continue. He mentioned the consideration being given to Peace River development in British Columbia. Mr. White suggested that both rivers could ultimately be developed and phased into the power system in a coordinated way, but that initially development of the Upper Columbia would appear to meet Canadian power needs in a gradual and therefore more preferable way than the Peace River.

312. Memorandum of Conversation

US/MC/43

April 14, 1960, 2:15 p.m.

FOREIGN MINISTERS MEETING

Washington, April 12-14, 1960

SUBJECT

Bomarc Program

[Here follows the same list of participants as Document 311.]

Mr. Green inquired how significant the successful test flight of the Bomarc B in Florida on April 13 had been. He mentioned that Bomarc had become a "whipping boy" in Canada and that criticism was being

Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Confidential. Drafted by Carlson and approved in M on April 22 and in S on April 25. The meeting was held in Secretary Herter's office. See also Documents 311 and 313-315.

generated with each failure of a test. Mr. Merchant thought the successful flight of the Bomarc was very significant. He added, however, that Senator Chavez had made some remarks about the Bomarc which would not be helpful in Canada. Mr. Green asked what these remarks were and was informed that the Senator had said in effect that the United States was trying to impose on the poor Canadians a missile that is so bad we cannot use it.

313. Memorandum of Conversation

US/MC/44

April 14, 1960, 2:15 p.m.

FOREIGN MINISTERS MEETING

Washington, April 12-14, 1960

SUBJECT

Status of Negotiations for Continued Operations of Rocket and Missile Research Facilities—Ft. Churchill, Canada

[Here follows the same list of participants as Documents 311.]

During the course of a nearly one-hour discussion of a considerable variety of topics of mutual interest, Mr. Green inquired as to the status of the above subject and was informed that appropriate United States authorities had the Canadian suggestions under active consideration.

Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. Drafted by Carlson and approved in M on April 22 and in S on April 25. The meeting was held in Secretary Herter's office. See also Documents 311-312 and 314-315.

314. Memorandum of Conversation

US/MC/45

April 14, 1960, 2:15 p.m.

FOREIGN MINISTERS MEETING

Washington, April 12–14, 1960

SUBJECT

Sky Shield Exercise (North American Air Defense Command)

[Here follows the same list of participants as Document 311.]

Mr. Merchant inquired as to whether any difficulties were foreseen on the Canadian side in approving Sky Shield (a large-scale air exercise to test the defenses of the North American Air Defense Command—NORAD). Mr. Green did not think there would be any difficulties, but he could not say with certainty.

Mr. Merchant mentioned that he had expressed yesterday to Mr. Green at lunch,¹ disappointment upon learning that the NORAD briefing team which would be going to Ottawa to give high level orientation regarding Sky Shield would not be able to brief Mr. Green or most other Cabinet officers, but be confined largely to top Canadian military officials and the U.S. Ambassador. The Secretary also expressed his disappointment on the same grounds. Mr. Merchant reminded Mr. Green that Sky Shield had been discussed at Camp David in November at the U.S.–Canada Ministerial Meeting on Joint Defense² and that the agreed procedure was for Government consultation and then the issuance of a press release in May.

Mr. Green expressed regret that most of the members of the Cabinet would be unavailable for the briefing because they would be away from Ottawa for the Easter holidays.

Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. Drafted by Carlson and approved in M on April 22 and in S on April 25. The meeting was held in Secretary Herter's office. See also Documents 311–313 and 315.

¹ A memorandum of this conversation (US/MC/1) during which Germany, Berlin, and the law of the sea were also discussed, is in Department of State, Conference Files: Lot 64 D 559, CF 1624.

² See Document 308.

315. Memorandum of Conversation

US/MC/47

April 14, 1960, 2:15 p.m.

[Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. 1 page of source text not declassified.]

316. Memorandum of Conference With President Eisenhower

May 9, 1960, 11:30 a.m.

OTHERS PRESENT

General Foulkes
Major Eisenhower

General Foulkes said he was making a call to say goodbye after a long association. He said he was retiring after 35 years of service, 15 of which were in the capacity of Chairman of the Chiefs of Staff of Canada. He protests certain attitudes and actions on the part of the Canadian government but this fact has nothing to do with his retirement. Actually, his difference in views with the Canadian government stems mostly from what he considers excessive confidence on their part in disarmament and a feeling on their part that too much money is being spent on defense.¹ He expressed chagrin over the visit of Field Marshal Montgomery to Canada last month in which this officer did more harm than General Foulkes thought possible. Montgomery had stated that NATO has now become useless, that there is no longer a need for Canadian and U.S. troops to remain in Europe, that the French should command NATO, and that defense budgets of current magnitude are no longer necessary. The Finance Minister, of course, made use of Montgomery's statements in a hurry.

The President observed that Montgomery, when a senior commander in NATO, had "raised hell" when any talk had arisen regarding cuts in his forces. General Foulkes recalled the statement by

Source: Eisenhower Library, Project Clean Up, Canada. Confidential. Drafted by Goodpaster.

¹In a May 6 memorandum for the President, Dillon briefed Eisenhower on Foulkes' visit and stated that he might confide that he was resigning in protest against Canada's national and joint defense attitudes. (*Ibid.*)

Montgomery that an American and a Canadian must be shot on the first day of any war, even if he had to do it himself.

In response to the President's question, General Foulkes said the Canadian defense budget comprises 9% of the country's GNP. This comes to \$1.5 billion, which is 30% of the entire federal budget. This figure used to be higher, but Diefenbaker was recently elected on the basis of an economy drive and the budget has been balanced for the first time this year. General Foulkes pointed out the Canadian problem in defense. Canada has no hostile borders. Therefore, air defense constitutes its major activity. When it is no longer possible to defend against a manned bomber, it becomes hard to say what Canada should do. The President said that Canada should be more concerned over attack by manned bombers than should the U.S. This threat, moreover, should not be belittled by anybody. It is most important that Canada and the U.S. act as solid partners and both make some sacrifices. Dropping out of the partnership on the part of Canada could eventually make the U.S. turn isolationist. He said when Diefenbaker is here on the 3rd of June he will try to persuade him to place the facts of life before the people. Diefenbaker should jam the hard realities down the throats of his people since he commands an almost terrifying majority. General Foulkes expressed concern over neutralist talks in Canada and mentioned a correspondent here in Washington by the name of Minifie who has contributed to this. He said the cooperation between the military services of the two countries is very fine indeed. He feels that the difficulty in Canada is not with the people but with the government. He referred to the cancellation last year of Exercise Sky Hawk by the Canadians on the basis that we might offend the Russians. (Here the President humorously interjected that we have already offended the Russians, obviously referring to the current furor over the downing of our U-2 aircraft.)²

General Foulkes said that Mr. Green is the greatest proponent of disarmament in Canada. He was instrumental in the cancellation of Sky Hawk. Green further insists we will never use the atomic bomb first. This downgrades the effectiveness of the deterrent.

The President said that our five people on the Western side who are working on disarmament positions are making pretty good progress. He expressed hope that if the military services of the two countries stay together, the politicians may eventually have to conform. He cited the condition in the U.S. after World War II where the politicians dictated a reduction of forces to such extent that Korea had to be evacuated, resulting in conflict in that area. He said the Russians will never attack if we

² A U.S. high-altitude reconnaissance plane (U-2) was shot down over the Soviet Union on May 1.

are strong enough. This fact is obvious: we ourselves did not attack in Europe in World War II until we were convinced we had the strength to win. If we allow our strength to dwindle, they can make us surrender without a fight. The President emphasized that only strength can cooperate, weakness can merely beg. If the spirit of the people is broken, however, there is nothing left. He plans to tell Diefenbaker that his great hope in disarmament is first to get some arms to disarm with.

General Foulkes said Mr. Green considers the atomic weapon "immoral" and supports the French on the idea of nuclear disarmament before conventional. This the General feels would be disastrous because the deterrent is the only thing which has saved us thus far. He thought we might start with some form of conventional disarmament. The President agreed that disarmament should be progressive. He recognized we cannot check on bombs which are already made. General Foulkes said we cannot turn the clock back. All we can do is to abolish force as an instrument of policy.

The President said he felt the U.S. Congress to be in error on the subject of dissemination of atomic information and weapons to reliable allies. [1-1/2 lines of source text not declassified] He cited history regarding the time when Congress thought, in spite of the advice of the military, that we would be the only ones to possess the atomic weapon.

General Foulkes expressed concern over a visit by General Heusinger next week.³ General Heusinger has previously expressed the view that he needs conventional forces sufficient to fight the Russians for two or three days without atomic support. [2 lines of source text not declassified] The President disagreed with Foulkes mildly in that he would like to see the Germans take on far more obligations than a mere 12 divisions. He then suggested that General Foulkes appoint himself as a one-man mission upon retirement to show the Canadian people the military and political implications of the course their government is following. General Foulkes agreed.

In answer to the President's question, General Foulkes described his successor, Air Marshal Miller, as a man who will be able to do a good job. He has previously been a Deputy to Norstad in NATO. He recognized that Miller lacks the service and prestige of himself, but feels he will do well.

The two then reminisced about their first acquaintance in 1944 when General Foulkes commanded the Second Canadian Division in Europe. Later, General Foulkes had been acquainted with General Lemnitzer in Italy. The President expressed admiration for General Lemnitzer.

³ No documentation on Heusinger's visit to Washington has been found in Department of State files.

zer, who he expects to be the next Chairman of the Joint Chiefs of Staff. He recalled the terrible wrench on his own part when he submitted his resignation from the Army to Congress on July 10, 1952.

General Foulkes then mentioned the embarrassment that the cutback in BOMARCs had caused the Canadians since they had committed themselves so wholeheartedly to this weapon.⁴ The President said that Canada needs primarily Minuteman and Polaris to increase their deterrent power. He realizes that they should not discount air defense activities entirely. General Foulkes said that Canada has real estate and railways to contribute to the free world defense.

At the close, the President directed me to investigate the end result of a proposed cutback in BOMARCs.⁵ He acknowledged that financial considerations require us to make a stern accounting for each weapon before we accept it for production.

John S. D. Eisenhower⁶

⁴ On April 29, the House Appropriations Committee reduced the Bomarc B budget proposal and deleted all procurement funds not already committed to the program.

⁵ On May 11, Major Eisenhower wrote to General George S. Brown asking for a brief study on the impact of the cutback. (Eisenhower Library, White House Office, Project Clean Up, Canada) Brown transmitted the study, which concluded that a serious gap would result in U.S. air defenses if the program were canceled, on May 26. (*Ibid.*)

⁶ Printed from a copy that bears this typed signature.

317. Paper Prepared in the Department of State

May 24, 1960.

[Source: Department of State, S/S–NSC Files: Lot 63 D 351, NSC 5822 Series. Secret. 17 pages of source text not declassified.]

318. Memorandum of Discussion at the 446th Meeting of the National Security Council

May 31, 1960.

[Here follow a paragraph listing the participants at the meeting and agenda items 1-3.]

4. *Certain Aspects of United States Politico-Military Relationships With Canada* (NSC 5822/1; NSC Actions Nos. 2210-b and 2219-b-(2); Memos for NSC from Executive Secretary, same subject, dated May 24 and 27, 1960)¹

Mr. Gray recalled that after Secretary Gates returned from the NATO Defense Ministers meeting early in April, he told the Council he thought we needed to examine our relations with Canada, particularly in the military field. Accordingly, the Department of State has prepared a Discussion Paper on Canada. As indicated in the Planning Board comments on this paper,² this discussion is being held in anticipation of Prime Minister Diefenbaker's visit later this week and the meeting of the Ministerial Committee on Joint Defense in July. Mr. Gray then read the Planning Board comments, and called on Secretary Dillon.

Secretary Dillon said that the break-up of the Summit Conference had considerably modified the "soft" attitude of the Canadian Government toward the East-West struggle. In fact, Diefenbaker had made a very strong speech in Parliament on May 18 and had repeated it on television.³ Secretary Dillon believed that both Diefenbaker and Green had had their eyes opened with respect to East-West relations by the recent events in Paris.

Secretary Dillon said Canadian nationalism all across the board was increasing in intensity. However, we had discovered in the eco-

Source: Eisenhower Library, Whitman File, NSC Records. Top Secret; Eyes Only. Prepared by Boggs on June 1.

¹ NSC 5822/1 is printed as Document 293. NSC Action No. 2210-b, April 4, noted the importance of relations between the United States and Canada especially in the military sphere. NSC Action No. 2219-b, April 23, noted that a paper on certain aspects of U.S.-Canadian relations should be submitted to the Council before a possible Diefenbaker visit to Washington. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council) The May 24 memorandum transmitted Document 317 to the NSC. The May 27 memorandum transmitted a two-page Planning Board memorandum that summarized the May 24 memorandum. (Department of State, S/S-NSC Files: Lot 63 D 351, NSC 5822 Series)

² Regarding both these papers, see footnote 1, above.

³ On May 25, President Eisenhower wrote to Diefenbaker thanking him for his statement to Parliament. A copy of this letter is in the Eisenhower Library, White House Office, Project Clean Up, Canada.

conomic field that our problems with Canada could be solved by high-level conversations. This experience would lead to the conclusion that there is need for high-level talks with Canada in the defense field. One defense problem is the fact that the former Chief of General Staff, General Foulkes, had been put in power by the Liberals and was known to disapprove of the Conservative government. He did not always pass all the information in his possession to the members of the government. General Miller, who is replacing General Foulkes, is a retired Air Marshal who has the confidence of his civilian superiors and the Canadian Cabinet. It appeared likely that any agreements made with General Miller would be supported by the Canadian Government.

Secretary Dillon said the Canadians desired conversations about the over-all long-term defense plans of the United States. The Canadians feel that we are in fact abandoning continental defense and putting all our emphasis on our retaliatory capability. The Canadians see themselves lost between the United States and the USSR in this situation.

Secretary Dillon felt it was important for us to lead the Canadians further into our thinking and to be frank about such matters as BOMARC. Incidentally, BOMARC was a difficult problem because Canada gave up the Arrow in the expectation that it could rely on BOMARC. Secretary Dillon felt it would be helpful to give the Canadians a briefing on the future of our reconnaissance satellites and our outer space effort, in order to prevent any possible misunderstanding.

He then referred to a current proposal that we purchase CL-44 transport planes from Canada and at the same time sell to Canada F-101B aircraft, which are effective planes but which do not fit into the standardization program.

Secretary Douglas said that he was enthusiastic about the proposed trade of F-101B's plus cash for CL-44's.

The President seemed to recall that the Department of Defense had recommended the elimination of BOMARC. Secretary Douglas said the Department of Defense had recommended the reduction of BOMARC, which had been envisaged as a large program at a time when we accepted the estimate of 600 to 700 Soviet bombers. Research and Development officials and the Air Force had recommended that BOMARC be curtailed in order to get a simpler and more effective defense posture at an earlier date. We kept Canada advised of these developments, and the Canadians appeared to accept them with good grace. However, the House Appropriations Committee eliminated BOMARC completely. He believed that either the Senate or a Conference Committee would restore the BOMARC program. He also felt that the F-101B program was important regardless of the outcome on BOMARC, because if BOMARC were eliminated the Canadians might want more F-101B's.

The President asked whether we could fulfill our commitments to Canada if Congress restored a reasonable BOMARC program. Secretary Douglas said we could fulfill our commitments to Canada with two squadrons of BOMARC and one SAGE center.

The President requested that the Department of Defense send him a memorandum on the BOMARC situation, containing a solution which he might suggest to Diefenbaker.⁴ The President said that Diefenbaker was not difficult to deal with if he were kept informed in advance, even though he was inclined to make impetuous statements and then to refuse to modify them if they turned out to be wrong.

Secretary Anderson said that Canada was sometimes sensitive about taking the initiative in requesting economic benefits for Canada. If we could take the initiative in matters which would economically benefit Canada, this action would have considerable psychological impact on Canada.

Secretary Douglas said that subject to Congressional approval we would like to sell 66 F-101B aircraft to Canada for \$105 million, and purchase 35 CL-44's from Canada for \$155 million. Canada has assured us that it could never take the F-101B's without paying for them. The President asked what Secretary Douglas meant by his last remark. Secretary Douglas replied that we might be interested in supplying F-101's to Canada without receiving any payment at all, because such action would put fighter planes in the best possible position for defense of the North American continent. However, Canada is insisting on paying for the F-101's, but wants us to buy CL-44's.

The President said he had not believed the estimate of four or five years ago that the Soviets would have 600 to 700 bombers. Secretary Douglas said General Twining had told a Congressional committee that he (Twining) did not believe this estimate.

Mr. Gray said that Mr. McCone was out of town, but had asked that the Council be informed that our relations with Canada were excellent on all matters relating to atomic energy.

*The National Security Council:*⁵

Discussed the subject on the basis of the Discussion Paper prepared by the Department of State, transmitted by the reference memorandum

⁴ No Department of Defense memorandum has been found in Department of State files or the Eisenhower Library, but on June 2, in a memorandum for the President, John Eisenhower reviewed the Bomarc B program and proposed a mutual sale of planes to ease the situation. (*Ibid.*)

⁵ The paragraph that follows constitutes NSC Action No. 2243, approved by the President on June 11. (Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, Records of Action by the National Security Council)

of May 24, 1960; in the light of comments thereon by the NSC Planning Board, transmitted by the reference memorandum of May 27, 1960.

[Here follow agenda items 5 and 6.]

Marion W. Boggs

319. Editorial Note

Prime Minister and Mrs. Diefenbaker, accompanied by Robert Bryce, Secretary of the Canadian Cabinet, and Henry Basil O. Robinson, Foreign Affairs Adviser to the Prime Minister, arrived in Washington at noon on June 3. The Prime Minister met privately with the President from 3:15 to 4:20 and then from 4:20 to 5:45 with their principal advisers. Diefenbaker left Washington at 9 a.m. on June 4.

The most extensive collection of materials relating to the visit is in Department of State, Conference Files: Lot 64 D 559, CF 1709 and 1710, including briefing papers, schedules, chronologies, and follow-up papers. A smaller collection of documentation on the visit is in the Eisenhower Library, Project Clean Up.

Only the memorandum of the Prime Minister's conversation with the President is printed here (Document 320). For Diefenbaker's account of the visit, see *One Canada*, pages 158–166.

320. Memorandum of Conversation

June 3, 1960, 4:20-5:45 p.m.

SUBJECT

Meeting With Prime Minister Diefenbaker

PARTICIPANTS

United States

The President

Secretary of State Herter

Ambassador Wigglesworth

Livingston T. Merchant

General Goodpaster

Canada

Prime Minister Diefenbaker

Ambassador Heeney

Robert Bryce, Secretary of the

Canadian Cabinet

Basil Robinson

The President and the Prime Minister had just concluded over an hour's private conversation.¹

As the others joined them, the President remarked that the Prime Minister had said that the price proposed for the F-101B's seemed too high and that he, the President, had already asked the Department of Defense to check on this matter.

The Prime Minister then opened the conversation by referring to the open skies proposal by the President to be presented before the UN.

The President confirmed that we intended to present such a proposal to the General Assembly but that he did not intend to present it personally.

The Prime Minister said that he thought there would be virtue in having the proposal co-sponsored by several countries in addition to the U.S. when it was presented to the United Nations, and he stated that Canada would be happy to be a co-sponsor, recalling various offers made in the past by Canada for opening its own territory for observation on a reciprocal basis with the Soviet Union.

The President and the Secretary both indicated that they would be delighted to work out the proposal with others and to present it as a joint proposal of several countries including Canada.

Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret; Limit Distribution. Drafted by Merchant and approved by Herter and the White House. The meeting was held at the White House.

¹ No record of this conversation has been found in Department of State files or the Eisenhower Library, but according to the notes on a memorandum of conversation between Goodpaster and Merchant on June 7 no subjects other than those discussed in the general conversation were raised during the private meeting. (*Ibid.*, Conference Files: Lot 64 D 599, CF 1709)

The Prime Minister then raised the question of our recent four-year wheat deal with India. He said that there had been consultation in advance with Canada on this but that one serious effect seemed to be that it was driving Australia out of the Indian market with the result that Australia was seeking imports in Latin America to the competitive detriment of Canada. He said that many past frictions connected with our surplus wheat disposal had been effectively removed but that the Indian deal gave trouble to Canada.

There followed a considerable discussion of the relative size of Canada's and the United States' wheat surplus and the problem thereby created.

The President observed that there was a basic anomaly in hungry mouths in many parts of the world and food surpluses elsewhere. He wondered whether improved methods of cooperation with Canada and other surplus-producing countries might not be devised to ameliorate the problem.

The Prime Minister at this point said that the credit terms offered by CCC were hurting Canada's wheat sales in certain Latin American countries. He then went on to talk of the proposals he had made in 1957 for the establishment of a food bank by NATO² and the failure of any constructive response to his proposal. He agreed on the seriousness of the problem the President had described and thought that we should continue our consultations on the matter.

The Prime Minister then raised the question of NATO. He felt that there was a need to reassess its purpose and its plans for the next ten years. In reply to a question, he said that he was considering the possibility of its extension on a broader scale into economic matters. He also spoke disparagingly of the 1957 NATO Heads of Government meeting which had not achieved, in his judgment, anything of significance. He added that he desired to inform the President that within the next few days he intended to make the public suggestion that another meeting of the Heads of Government of NATO should be called in the not distant future.

The Secretary of State observed that at the December Ministerial meeting he had proposed that NATO embark on a ten-year planning exercise to be conducted through the Permanent Council. He told the Prime Minister of the establishment of a task force under Dr. Bowie's chairmanship on the basis of whose work the United States Government

² In a speech to the NATO Heads of Government meeting on December 16, 1957, Diefenbaker had proposed that a food bank under NATO direction be established to assist countries that were in danger of being infiltrated by the Soviet economic offensive. The text of the proposal is included in the verbatim record of the meeting, C–VR(57)82, December 16, 1957. (*Ibid.*: Lot 63 D 123, CF 950)

hoped to have constructive proposals to raise before the NATO Council this summer with a view to our thoughts and those of others being debated at the December Ministerial meeting. He added that we would be glad to consult with Canada during the process of our own preparation to make a contribution to this project.

The Prime Minister then indicated that he would make his NATO Heads of Government proposal at De Pauw University where he will be speaking in a few days.

The President then raised the question as to whether Canada should invite the NATO Council to meet at some future time in Canada.

The Prime Minister said he would be delighted to issue such an invitation and confirmed that in Quebec they had all the necessary facilities.

The President reiterated his belief that it would be desirable to hold a meeting in Canada, particularly since the Tenth Anniversary meeting a year ago had been held in Washington. (The President presumably was not suggesting that the Prime Minister's impending proposal for a Heads of Government meeting of NATO necessarily be linked with its being held in Canada.)

The Prime Minister then raised in somewhat critical fashion the fact that he had learned recently from Harold Macmillan that there was a proposal under consideration by the UK, US and USSR to conduct seismic research through establishment of 20 or more stations on Canadian soil in connection with underground tests. This would involve US, UK, USSR and neutral inspection teams in Canada. He expressed surprise that such a proposal had gone so far without our consulting Canada.

Both the President and the Secretary expressed surprise and complete ignorance of any such proposal.

It was finally developed through interventions by Ambassador Heeney and Mr. Bryce that there had been over a period of time consultation at the scientific expert level between Canadian and British, and possibly US, scientists of the UK making its contribution to a joint research program with the Russians in connection with sub-threshold nuclear underground explosions by means of establishing British seismic stations on Canadian soil to take distant readings on US underground nuclear explosions approved under a joint research program.

The Prime Minister seemed reasonably satisfied with this explanation, but he then went on to mention his disturbance over a proposal made by the US Atomic Energy Commission some months ago to conduct an atomic explosion in the Alberta oil fields. There was some inconclusive discussion of this and it appeared that the Prime Minister had not been made at the time fully aware of the actual facts.

Skyshield was then raised and the Prime Minister reported that in his private discussion with the President he had agreed that there should be further joint examination of the project at the military level and that he would then make his own decision as to approval by June 15.³ (Subsequently, Mr. Bryce informed Mr. Merchant that he had every expectation that Canadian approval would be forthcoming by that date.)

The Prime Minister then reverted to the nuclear test negotiations in Geneva and his concern over Canada's possible involvement with inadequate consultation.

The President requested the Secretary of State to look into the matter with a view to ascertaining the facts concerning any plans affecting Canada and to communicate the results of his investigation to the Canadian Government.

The President reaffirmed that nothing affecting Canada or its interest in this general connection had reached the political or governmental level in the United States.

(General Goodpaster came in at this point.)

The Prime Minister and the President then briefly referred to Bomarc which had been a subject of discussion in their private talk. The Prime Minister indicated that he understood that the appropriation of the necessary funds for going ahead on this program depended upon action in the Senate and that the Administration was working to secure favorable action.⁴

The Prime Minister then reverted to wheat and said that he had gone over with the President the difficulty which our provision of credit terms for export sales to Latin America and Africa was creating for Canada. The President inquired as to our machinery for consultation and the Prime Minister agreed that it existed and was functioning well. He thought, however, we should try to work out some sort of a plan to pool a percentage of our food surplus to feed the hungry.

The Secretary of State reminded the Prime Minister of the President's earlier proposal for Food for Peace and the amount of effort within the United States Government being devoted to this matter.

³ On June 16, Ambassador Heeney told Kohler that the Canadian Cabinet had approved exercise Sky Shield. (Memorandum of conversation, June 16; *ibid.*: Lot 64 D 559, CF 1709) The exercise was subsequently held on September 10.

⁴ On June 29, President Eisenhower wrote to Prime Minister Diefenbaker to inform him that a House-Senate Conference Committee had restored \$244 million for the Bomarc B missile program. (*Ibid.*)

The Prime Minister closed that aspect of the discussion by saying that it was impossible for allies to be successfully united in common defense and then take actions which harmed one another economically.

The conversation then turned to the general question of aid for the underdeveloped areas of the world on the part of the industrialized countries. The President said that he had talked at length to Adenauer, de Gaulle and Macmillan on this subject. Possibly some plan could be worked out whereby this help could take in part the form of donations from food surpluses.

The President then remarked that he was most anxious that on both sides we should seek to avoid news stories designed to upset the other and to maintain so close a relationship that speculative stories based on misinformation did not in fact give rise to concern.

The Prime Minister discoursed at some length on the extent to which the Canadian air and press are filled with news of America whereas for weeks on end there will not be, in *Time*, for example, even one line on Canada.

The Prime Minister and the President then briefly discussed the various Cabinet committees, Defense Joint committees, and parliamentary groups and agreed that they were all functioning well. The Prime Minister said he felt the Parliamentary Joint Committees had been extremely helpful.

The Prime Minister then raised the question of US attitude toward Communist China and inquired whether the President's views had changed since he imparted them to the Prime Minister in Ottawa, July, 1958.⁵ He inquired particularly as to how Communist China would be handled in any disarmament program.

The President said that there had been no change in his views with respect to Communist China. He said that he always qualified such a statement by the phrase "under existing circumstances." He felt confident of one thing and that was that, if Communist China was admitted to the United Nations, it would be impossible for the United Nations headquarters to remain in the United States. He said that Communist China was one subject on which the American people were almost unanimous and that those who proposed UN membership for Peking should take into account the almost certain result this would have of American withdrawal from the UN. As for disarmament, the President said, of course, to be meaningful in any world wide agreement Communist China would have to be party. He did not see, however, why this would require recognition or admission to the UN.

⁵ See Document 285.

The Prime Minister then raised the question of the Columbia River negotiations.⁶ He and the President agreed that they seemed to be going very well. The President inquired as to General McNaughton's health and told one or two anecdotes dealing with General McNaughton during the war.

Reverting to the Far East, the Prime Minister inquired whether the President was worried over the situation with respect to Formosa and also whether we were expecting serious difficulty over Berlin, in which latter subject Khrushchev had been very explicit.⁷

The President said in effect that he was not worried about any sector of the free world's defenses. He was satisfied with one thing and that was that Khrushchev was not at this time going to deliberately provoke the West into a nuclear war. He commented vehemently on Khrushchev's thesis that when he signs a treaty with the German Democratic Republic our rights in Berlin are automatically liquidated. He said there is nothing we can do to prevent Khrushchev's signing such a treaty if he so desires but that it would not and could not affect in any respect our rights.

General Goodpaster then reported the information he had just received from Deputy Secretary of Defense Douglas relative to the costs on the F-101B's. He reported that Mr. Douglas said that the price would be about \$1,600,000 per plane based on fly-away costs of the last plane off the assembly line with no research and development overhead expenses included. This would be the price per copy for 66 planes. The USAF had already about 200 planes off the assembly line. Hence it could not be a question of the price to the Canadians being inflated by R & D costs. It was uncertain, however, as to whether the figure of \$1,600,000 included spares and spare engines. Mr. Douglas said Defense was anxious and ready to talk to the Canadians in detail on the question of F-101B's and CL 44's.

The Prime Minister expressed his satisfaction.

The President then said, "By the way, when are you people going to join the OAS?"

The Prime Minister said that during his recent visit to Mexico City⁸ Mexican top governmental officials had raised this question with him. He said that there had been powerful arguments in the past against Canada joining the OAS but that he felt now the matter should be

⁶ Documentation on the Columbia River negotiations is in Department of State, Central File 611.42321.

⁷ Presumably Diefenbaker is referring to Khrushchev's speech at Baku, April 25, in which he outlined proposals to make Berlin a free city.

⁸ Diefenbaker visited Mexico April 21–24.

reconsidered. Mr. Green was returning soon from a trip to several South American countries and he would be discussing this matter with Mr. Green.⁹ He thought it fair to say that the matter was "under active advisement." He said he would not be surprised if at the Quito Conference next year there were to be a Canadian observer present. This might constitute a first step.

This subject was discussed further with the President indicating how warmly [the] United States would welcome Canadian participation.

After a brief discussion of the draft communiqué, during which the President and the Prime Minister agreed that in the past several years relations between the two countries had never been better, the meeting ended at about 5:45 p.m.¹⁰

⁹ Green had been in South America May 20–30.

¹⁰ No copy of the draft communiqué has been found in Department of State files or in the Eisenhower Library. For text of the final communiqué as released on June 4, see *American Foreign Policy: Current Documents*, 1960, p. 309.

321. Editorial Note

The third meeting of the U.S.-Canadian Ministerial Committee on Joint Defense was held at Montebello, Quebec, July 12–13. Secretary of the Treasury Anderson, Secretary of Defense Gates, and Under Secretary of State Merchant led the U.S. Delegation; Minister of External Affairs Green and Minister of National Defense Pearkes led the Canadian. In the course of three regular and one secret session, the committee discussed the international situation, the continental air defense system, nuclear weapons policy, outer space, NATO, and production sharing in joint defense.

No record of the regular sessions has been found in Department of State files, but they are briefly summarized in the journal for the August 24–25 meeting of the Permanent Joint Board (see below). A four-page memorandum of the secret session held the evening of Tuesday, July 12, is in Department of State, Central Files, 611.42/7–1860, attached to a letter from Wigglesworth to Merchant, dated July 18. Background papers for the meeting and related documentation are *ibid.*, Conference Files: Lot 64 D 559, CF 1728–1729. For text of the communiqué issued at the

end of the meeting, see *American Foreign Policy: Current Documents, 1960*, pages 309–311.

The Canada–U.S. Permanent Joint Board on Defense met at Camp Gagetown, New Brunswick, August 24–25. In the course of its 2-day meeting, the Board discussed the third meeting of the Joint Defense Committee, storage of nuclear weapons, Pepperrell Air Force Base, air defense programs, operation Sky Shield, standardization, taxation of BMEWS communications, and progress reports of various joint service projects. A 21-page journal of the discussions and decisions of the meeting is in the Eisenhower Library, White House Central Files.

322. Memorandum of Conversation

SecDel/MC/6

New York, September 20, 1960, noon–1 p.m.

SECRETARY'S DELEGATION TO THE FIFTEENTH SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY

New York, September 19–24, 1960

PARTICIPANTS

US
Secretary Herter
Livingston T. Merchant
Foy D. Kohler

Canada
Howard Green, Minister of External
Affairs
Arnold Heeney, Ambassador of
Canada, Washington

SUBJECT

U.S.-Canadian Relations

The Canadian Minister of External Affairs called on the Secretary at his request.

After some discussion of current UN problems¹ the Secretary brought up the question of Canadian-American relations. He said that

Source: Eisenhower Library, White House Office, Project Clean Up, Canada. Confidential. Drafted by Kohler. The conversation was held at the Waldorf-Astoria Hotel.

¹ A memorandum of the conversation on U.N. matters (SecDel/MC/37), September 20, is *ibid.*

he had been receiving very disquieting reports about serious antipathy and antagonism toward the U.S. in Canada. He would like to know Mr. Green's views on whether there was anything we might do and, if so, what. He wondered how much of the felling was based on military factors and how much on economic. It began to appear to us that the two Canadian parties were in fact vying in cresting anti-American sentiment.

Mr. Green replied that he thought the situation was not so bad as the Secretary had presented. There was always a certain amount of antagonism and this was to be expected. The Canadian problem was that of a little country alongside a great neighbor faced with the question of how to avoid being dominated. There were some things, such as the U-2 incident, which generated fears in Canada that the U.S. was going too far. The Secretary asked whether the feeling related to the fact that we were spying on the Soviet Union or to our admission that we were spying. Mr. Green replied that there was a general impression simply that the Americans were too excited and worried about Russia. These American fears were not shared by the Canadians. He realized that the U.S. had a great responsibility. However he felt that we were always advocating more defense and getting too tough and these attitudes alarmed the Canadians. Mr. Green thought there was a fundamental difference in the outlook of the two peoples with respect to the Soviet Union. The Canadians saw the situation as much less serious than the Americans. He thought there was no fundamental difference between the State Department and the Ministry of External Affairs. They generally agreed. However, the Canadians could not go along with the Pentagon. Even the Canadian military could not go all the way with the Pentagon. He felt, and the Canadian press was always pointing out, that we were making a great mistake in making threatening statements. [4-1/2 lines of source text not declassified]

The second major problem, Mr. Green continued, was economic and principally the question of the control by American enterprises of Canadian subsidiaries. However, this was a matter not directly involving the U.S. Government. On the official level in fact he felt that the Canadian-American relations had never been better. The Americans were the people the Canadians could talk with more directly and easily than with anyone else in the world. Consequently he would repeat that he felt the reports were exaggerated. The Secretary commented that he hoped this was the case. We could understand the difficulties created for a small nation up against a large one, which we unfortunately were. However, when criticisms were unfair, they hurt. Mr. Green said that the Canadians had an election coming up, probably next spring. He said that when they were in the opposition his party used to accuse the Liberals of being lackeys of the Americans. Now the Liberals were using the

same club to beat the Conservatives. This would probably continue. He did not at the moment know anything that could be done. Did the Secretary? The Secretary replied that we had been trying to explore in our own minds what we might do and were now trying to explore this with him. In the economic field, business ties and private investments in Canada ought to be a matter which would strengthen relations, leaving aside for the moment the defense aspect. Mr. Green said that the U.S. Government had nothing directly to do with the difficulties in the economic field. He said that the Canadian Government might have to bring in legislation to control this situation. The Canadians could not have decisions about Canadian industries made by offices here in New York. There were many difficulties, sometimes involving the government, such as attempts to investigate Canadian firms under U.S. anti-trust laws. It was unacceptable that Canadian enterprises should be so treated. However, he would repeat that he thought the main currents of Canadian-American relations flowed smoothly and were outside these issues. The Secretary said that both governments must carefully watch the situation and avoid exacerbating actions.

Ambassador Heeney commented that in the economic field there has never been less friction at the governmental level within his knowledge and experience. This resulted partly from the timely handling of small issues before they grew large, over the past few years, and from the increasingly better understanding in Washington of Canadian economic problems. However, troubles continued in the private sector. Much anxiety was created by U.S. business which he recognized was simply seeking profitable investment opportunities. On the governmental level the main troubles, and the ones that plagued him, were of a military and strategic nature.

Commenting on the economic aspect, the Secretary said ruefully that we are always urged to favor and promote the export of private capital. Then all too often this seemed to result in a series of complaints and troubles. For example we had had many difficulties in the Latin American countries, especially as regards investment in fields of agriculture, mining and utilities. Mr. Green said that when the U.S. gave wheat away this disrupted Canadian markets. The Secretary pointed out that we consulted very closely with the Canadians on our wheat disposals. Ambassador Heeney confirmed this and referred to the recent very favorable report of the Joint Wheat Committee.² He said of course that the Canadians were worried about any disposal of wheat as involving some interruption of markets. He would repeat however that the de-

² Reference is to *Wheat Surpluses and the U.S. Barter Program, A Statement by the Canadian-American Committee* (Washington, March 1960).

fense questions were the most difficult. Mr. Green agreed that this was the case but said that this of course did not reflect anything specific that the U.S. Government is doing, except for the general feeling that the U.S. is being too provocative. The Secretary pointed out that our military had always tried to work in the closest possible coordination with the Canadian military. Frankly we had a feeling that perhaps the Canadian military had been failing to keep the civilian element properly informed on the Canadian side. The Secretary then referred to the recent "Skyshield" exercise and Mr. Green agreed that this operation had been conducted very successfully and without arousing opposition in Canada. Both he and Ambassador Heeney commented that it had been miraculous that there had been no serious accidents or incidents.

Mr. Green then inquired what the situation was on the swap of the CL-44s. The Secretary replied that, as he understood it, there was a question of Canadian objections. The exact status was then discussed and Ambassador Heeney confirmed that the American side had presented a new proposal and that the next move on this deal was up to Ottawa.

Mr. Green then went on to say that the Canadians were worried about the U.S. position on the law-of-the-sea. They did not understand why, after we had worked out a joint position with the Canadians, we now objected to conducting a canvass with a view to the conclusion of a convention embodying this position. The Secretary said that we had no objection to a Canadian canvas of views but that we were not willing to join in lobbying for a convention after the failure of the joint proposals in the recent conference.³ Mr. Merchant elaborated that our view was that a "bob-tail" convention would be so partial in nature that it would just firm up positions in opposition and not result in the establishment of any real international agreement on the subject of the law-of-the-sea. We felt in this situation that it was better to have no convention at all. Mr. Green said that the Canadians felt it was not realistic to try to hold to the three-mile limit. The Secretary then commented on the strength of the fisheries lobbies in the U.S. They had an emotional approach and were powerful out of all proportion to their value to the overall economy. Mr. Green repeated that he thought that all the principal maritime countries would sign up if the U.S. joined in the effort to obtain a convention, and the discussion of this subject terminated on that note. As the meeting ended, the Secretary expressed his appreciation for the frank exchange of views and said that he would be interested in having further discussions any time this week at the convenience of Mr. Green.

³ Reference is to the Law of the Sea Conference held March 17–April 26 at Geneva.

323. Memorandum of Conversation

SecDel/MC/121

New York, September 27, 1960, 2:45–3:45 p.m.

SECRETARY'S DELEGATION TO THE FIFTEENTH SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY

New York, September 19–24, 1960

PARTICIPANTS

U.S.

The President

Secretary Herter

Gen. Goodpaster

T.C. Achilles

Canada

Prime Minister John G. Diefenbaker

Mr. Howard Green, Secretary of
State for External Affairs

Mr. H. B. Robinson, Prime
Minister's Private Secretary

SUBJECT

Interceptors and CL-44 Transports

At the conclusion of a discussion concerning UN matters,¹ the Prime Minister said that although substantial agreement had been reached some months ago, the Canadian Government now found itself in an impossible position on this matter.² Communist propaganda had caused an upsurge of concern over US domination of Canada and this had been growing dangerously in the last three months. Accordingly, the Canadian Government had now suggested the alternative of taking over part of the Pine Tree Line. The cost to Canada of this over the next 9–10 years would be some \$150 million. Canada would acquire and equip 66 F-101's. Instead of paying the US \$115 million for the planes and additional sums for spare parts, it would make its contribution by paying up to \$150 million for maintaining part of the Pine Tree Line.

Source: Eisenhower Library, Whitman File, International File. Top Secret; Eyes Only. Drafted by Counselor of the Department of State Theodore C. Achilles. The meeting was held at the Waldorf Towers. President Eisenhower was in New York to address the U.N. General Assembly.

¹ Similar memoranda of the President's conversation with Diefenbaker on U.N. matters, dated September 28 (SecDel/MC/120) and 30, are in the Eisenhower Library, White House Office, Project Clean Up, Canada. A memorandum of their brief conversation on "Food for Peace" (SecDel/MC/65) is in Department of State, President's Memoranda of Conversation: Lot 66 D 149.

² In July the Department of Defense had offered to exchange 66 U.S. interceptors for Canadian CL-44s. Canada countered with a triangular proposal by which the United States would furnish the interceptors and purchase \$150 million worth of CL-44s while Canada would assume a substantial share of the U.S. expenses on the Pinetree radar line.

This would enable them to say that Canada was preserving its sovereignty over that area and at the same time maintaining an interceptor force to meet potential bombers. Two years ago all available information was that bombers were becoming obsolete but this was apparently now less certain. The President said that he is still generally of that opinion although we cannot of course be sure that the Soviets might not develop something which would extend the useful life of the bomber. Altitude and speed were important, but beyond the B-52 we would have to develop a much advanced aircraft, in effect entering a new world of aviation. He doubted whether this would occur.

The President said he had not previously heard of this new alternative but he would give it his personal attention and hoped that it could be resolved quickly. The Secretary said that the proposal had just been made but it was interesting and was being studied in Washington.

The President remarked that the U.S. had never tried to dominate anyone but that our bases caused us problems and in many areas opened us to blackmail. The Prime Minister said that the President had always been completely fair in dealing with him. The Canadian Government had been all ready to go on the CL-44's but the reaction had been terrific and the alternative now proposed would be of the greatest advantage to him. It would cost Canada \$34 million more but it would cost the U.S. nothing more.

The President observed that he had had much experience in working with Allies and that the essential ingredient was to have faith in each other. The spirit of nationalism sometimes got out of bounds and would be used to attack St. Peter himself, but it was the maintenance of good faith which counted. During the war he and Churchill had had many fights but never lost their faith in or friendship for each other. The Prime Minister heartily agreed and asked whether the President had yet seen Lord Ismay's book.³ The President had not seen it but had the greatest admiration for Ismay.

In leaving, the Prime Minister quoted Churchill's remark apropos of Montgomery's book to the effect that "soldiers sell their lives dearly".

³ Reference is to *The Memoirs of General the Lord Ismay* (London, 1960).

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